DAILY MARKET LETTER

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UHLMANN GRAIN COMPANY
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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 9, 1954.

In a review of this year's operations under the International Wheat Agreement, Broomhall comments that the experience of the present season and the general trend of world production and demand may well bring the IWA to its grave. The withdrawal of the U. K. from the Agreement reduced the over-all amount of wheat and flour subject to IWA conditions from 581 million bu to 421 million bu and up to and including February 2nd, total reported sales under IWA have amounted to only 142 million bu. A number of buying countries along with the U. K. have not attempted to purchase supplies under the Agreement, while others have taken only minor portions of their quotas. During the period August 1, 1953 through February 2, 1954, while sales under IWA amounted to only 142 million bu, in the same period total shipments of wheat and flour to all destinations well exceeded 320 million bu, which substantiates the fact that importing nations are purchasing supplies outside of the terms of IWA. In the U. S. during this period only 71 million bu had been sold out of the total quota of 210 million, Canada 56 million out of 163 million, and Australia 14.8 million out of 48 million. Although the U. K. is the only country which had actually resigned from the Agreement, several others have apparently not yet bought a single bushel under the new terms, while India, for example, has taken to-date only 345,000 bu out of a total quota of 36.7 million bu. It appears that by keeping prices at the maximum or by making only minor concessions, IWA exporting nations make it possible for non-adhering exporters to sell on somewhat more attractive terms, which condition is aggravated by the movement toward vastly increased grain output throughout the world. Heavy North American supplies, together with successful harvests in the Southern Hemisphere this season, and the production of substantial homegrown supplies in key importing countries, such as India, Italy, Spain, Germany and the U. K. have served additionally to emphasize the bearish position of world stocks.

In the U. S. efforts are being made to reduce supplies, and also, to encourage the holding of stocks on farms. It was reported this morning that a deal to sell Spain surplus U. S. wheat worth more than $20 million to help finance the construction of military bases in that country appears to be nearing completion. Under the proposal local Spanish currency would be used to pay for the wheat, and in turn these funds would be used by the U. S. to pay for Spanish labor and materials needed in the construction of such bases. This arrangement may be the forerunner of similar actions to dispose of surplus U. S. farm products over and above the regular channels of trade without disrupting world markets.

In line with the USDA's efforts to help assure adequate storage facilities, Secretary Benson announced last week a special re-sealing program to encourage farmers to hold 1953 crop loan and purchase agreement stocks on farms. Also farm storage facilities and equipment loan programs, under which farmers can borrow a large part of the cost of building or buying additional storage space will be continued for another year. These activities are designed to make it possible for farmers to take full advantage of the established price-support programs.

When our market opened this morning higher prices were registered. Generally fair weather had prevailed over all the grain belt areas, and generally mild weather with little or no precipitation is looked for. According to the government weekly crop report there was little material change in the precarious condition of small grains in the middle and southern portions of the western Great Plains. Kansas reported the need for generous rains in all areas., while in northwestern Texas and western Oklahoma wheat deterioration was checked somewhat but the moisture was wholly inadequate even for current needs. Moisture is generally ample for present needs of small grains in the far Northwest, and in the eastern half of the country, including most of the eastern Great Plains.

It was reported that Japan bought 1,680,000 bu #2 soft wheat from the Pacific Coast, and that Formosa had received a FOA allocation of $1,200,000 for the purchase of wheat. Mexico bought 200,000 bu #1 hard wheat. Formosa also received FOA allocation of $552,000 for the purchase of beans, and it was reported that Ireland bought 3,000 tons #2 yellow corn out of the Atlantic.

Primary receipts of wheat were 1,305,000 bu vs 890,000 bu last week and 828,000 bu last year. Wheat stocks at Kansas City and Minneapolis showed a net increase of 519,000 bu.

There were sizeable deliveries of wheat on March contracts for the first time, with 700,000 bu tendered as of noon today, and the March contract lost slightly some of its premium over the May. The strength in oil and meal contributed to higher bean prices, while continued dry weather brought some buying into new crop wheat futures.

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CHICAGO, 4 March 10, 1954.

Late yesterday the government announced the quantities of grains under price supports through February 15, 1954, and reported 549.6 million bu wheat under loans and purchase agreements as of that date compared to 476.6 million on January 15, 1954, and 455.8 million on February 15, 1953. The availability of price supports on 1953 crop wheat expired January 31, 1954, and while it is likely there have been some redemptions that have not yet been announced, it is obvious that the quantity of wheat put under price supports will constitute a record. The non-committed inventory of wheat in the hands of CCC on Feb.25, 1954 amounted to 436 million bu, which together with the quantity under support as of February 15, 1954, would put in government hands a total of 985 million bu wheat, or more than our expected carryover at end of the current crop-year. It is interesting to note that loans and purchase agreements recorded up to February 15, 1954 in all states east of the Mississippi River totaled about 89 1/2 million bu compared with 22 million the entire season last year. On January 1, 1954, stocks of wheat in the various states south of the Great Lakes, excluding New York and Illinois totaled about 114 million bu. After deducting loans and purchase agreements in these states, which amount to 59 million bu, there is a balance of about 55 million bu which might be termed representative of free wheat. Last year on the same basis of calculation total wheat in these states was 83 million bu, with loans 14 million, leaving 69 million bu. Thus, this year there appears to be about 14 million bu less free wheat in the soft wheat states than a year ago. Kansas farmers, with 92.2 million bu, put the largest total under support for any state, while other states followed as follows: Washington 59 million bu, North Dakota 58.2 million, Oklahoma 44.7 million, Nebraska 40.6 million, Montana 37.9 million, Ohio 27.8 million, and Colorado 25.7 million bu.

The USDA also announced that 291.8 million bu 1953 crop corn was put under support through February 15, 1954 compared with 208.2 million January 15, 1954, and 228.6 million February 15, 1953. Of the total under loan the quantity reported for Iowa was 105.3 million bu, Illinois 44.1 million, Minnesota 42 million, Nebraska 28.9 million, South Dakota 22.7 million, and Indiana 15 million. The most corn ever put under support in an entire season was 550.8 million bu of the 1948 record crop. Farmers still have price supports on 1953 crop corn available through May 1954.

According to the Kansas weekly crop report there was little change in the wheat outlook during the week, as colder weather slowed growth and development. Light to moderate blowing dust was reported on a few fields that had blown earlier but no further significant damage occurred. In the wind-damaged area in western Kansas, fields which were not damaged severely have generally made satisfactory development but additional moisture is an urgent need. The Missouri weekly crop bulletin states light to locally moderate rain and snow early in the week effectively added to the topsoil moisture, and along with the mild weather aided the growth of wheat. Subsoil below a depth of 12 inches remains very dry except in the extreme southeastern part of the state.

Generally fair weather prevailed overnight except for a few rather inconsequentially light showers over the Northwest and northwest Nebraska. Some scattered showers or snow flurries with somewhat colder temperatures are looked for in the Northwest, while in Kansas, Nebraska, and Oklahoma some scattered showers mostly in the east portions are thought likely.

When our market opened this morning old-crop wheat futures gained on new-crop months, as it is figured that supplies of free wheat at the end of the season will be very limited, and the bulk of the carryover will be in government hands. There was also buying in beans, but best prices did not hold as stop-loss orders were uncovered when selling orders met little resistance. It was reported that Formosa had received an allocation for $5,200,000 worth of soybeans.

According to a news item Secretary of Agriculture Benson said he would probably ask President Eisenhower to veto farm legislation continuing rigid high price supports for basic crops next year if Congress passes such legislation.

Primary receipts of wheat were 645,000 bu vs 667,000 bu last week, and 339,000 bu a year ago. Primaries of corn were 863,000 bu vs 740,000 bu a week ago, and 639,000 bu last season. Kansas City and Minneapolis wheat stocks so far this week show a net increase of 681,000 bu.

The basis for spot corn in Chicago continues at 3¢ over.

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CHICAGO, 4

March 11, 1954.

According to the USDA, there is little indication at this time that the cost-price relationships in agriculture will be changed materially during the remainder of 1954. While prices received for farm products have risen, prices paid for items used in production also have increased. Prices paid for feed, as well as those for feeders and replacement livestock have risen from the low of last fall but are still somewhat below a year earlier, while prices paid for industrial items are at about the same level as a year ago. Among the cost items of most direct concern to farmers this spring are seed, fertilizer, motor supplies, and hired labor. Prices paid for seeds are averaging about 10% lower than a year ago, while prices of motor supplies are slightly higher. Average farm wage rates for the country as a whole are also slightly higher than a year ago, but may ease off slightly and compare similarly with those of 1953. Current price quotations for fertilizers are averaging about the same as a year ago, and while farm real estate values are now averaging about 8 to 10% lower than last year, farm real estate taxes are continuing their upward trend.

It is interesting to note that the Department report shows that while labor costs may be somewhat higher than a year ago, the number of workers available is expected to be greater than last year, reflecting an easier employment situation in the country generally, but that this would differ among areas. The demand for farm labor in the south may be reduced in view of the acreage restrictions on cotton, but in the higher mechanized wheat and corn areas, it is thought that acreage allotments likely will result in little change in total labor requirements. The crop substituted for wheat and corn probably would take about as many man-hours as would wheat and corn. The use of fertilizer and other yield-influencing practices is a matter of particular importance in 1954. Farmers can, of course, lower average costs per unit of yield and increase net returns per acre by using fertilizer up to the most profitable rate. Even on crops under control programs, the most efficient application of fertilizers may in the short run tend to accentuate the surplus problem. Supplies available for the 1953-54 period are expected to reach a new high and should be ample to satisfy expected demands.

The Oklahoma weekly crop bulletin states that sufficient moisture was received to offer some temporary benefit in a few sections, but more rainfall is badly needed for some grains in western areas. Most central and eastern sections have fair supplies of sub-surface moisture but need rain to increase surface moisture supplies. Some wheat was completely destroyed in the Panhandle by high winds but most of the slightly damaged wheat has recovered somewhat since receiving a little top moisture. The Nebraska weekly crop report states that conditions are spotted and there is some concern as to the outcome of some of the damaged wheat in the Panhandle, southwestern Nebraska, and the central areas north of the Platte River. Some of the reports indicate a declining condition of winter wheat in western Nebraska, while others are more favorable. Field inspection the latter part of February revealed that while most of the wheat was still alive and had a good root system, the top 3 or 4 inches of soil were dry, loose and unfavorable.

Some moderate rainfall occurred over portions of Illinois,and Indiana and some snow over Iowa and the spring wheat belt overnight, while southwest mostly fair weather prevailed. Considerable snow is looked for in the Northwest while scattered showers turning to light snow are likely in the western portions of Kansas and Nebraska, with showers in the eastern sections. Scattered showers are also looked for in Oklahoma and Texas.

Primary receipts of wheat were 886,000 bu vs 842,000 bu last week and 687,000 bu last year. Corn primaries were 1,293,000 bu compared with 739,000 bu a week ago, and 822,000 bu last year. So far this week Kansas City and Minneapolis wheat stocks show a net increase of 855,000 bu.

There was lack of enthusiasm on the buying side of wheat, although selling seemed to be moderate. It is expected there will be retenders on some of the wheat that was delivered the last few days. There were several sinking spells in beans, with the market running into stop-loss orders, but near the close there was a fair rally. There was no export business from this country reported overnight, but we understand offers are going out tonight to Germany on 80,000 tons of corn.

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CHICAGO, 4 March 12, 1954.

The economy of this country has always been of major importance to the rest of the world. In reviewing the current business climates of foreign nations, it is encouraging to note that the dip in our own economic activities has not materially affected representative foreign countries. Actually the dependence on the U.S. for markets and for goods only available for dollars has been lessened through world recovery. Earnings of dollars are at a high enough level so that the total would remain adequate even if a decline should occur, while reserves of gold and dollars are also sufficient to withstand a reduction in dollar earnings. However, if the U. S. business decline goes very much further and lasts much longer, it could severely affect the economies of the other nations.

The recession of 1949 meant serious trouble abroad but on the assumption that U.S. business activity will level off around mid-summer, top government foreign trade economists do not foresee anything like the difficulties that occurred in 1949. While it is thought that imports by the U.S. may decline 10 to 15%, the loss of dollar earnings by other nations is not expected to exceed a point that would seriously affect foreign economies. Much of what other countries need is available from non-dollar sources. For example, wheat from other producing nations can be purchased at about the same price as from the U.S., whereas in early post-war years wheat of other nations was much higher. Cotton from Egypt is now priced at about the same basis as ours, while tobacco from Turkey is also at about the same price level as U. S. supplies.

Manufactured goods also have shared in this world recovery. Industrial production in European countries is about half again as much as what it was in 1949, while price differentials on finished goods which existed in 1949, have about disappeared. As a result European countries have improved their export position since 1949 from $17.1 to about $27.3 billion, while at the same time U.S. non-military exports were reduced from $12.7 to $12.1 billion.

Looking at the condition of various foreign nations, we find that in Britain industrial output continues to climb, and while imports still are running ahead of exports, the gap has been narrowing steadily. In France, too, industrial production has continued to improve, and while exports lagged about 15% behind imports in the second quarter of last year, they were running 11% ahead of foreign purchases in the third quarter. Sweden also has made continued gains. These various healthy signs do not mean that the readjustment in this country is having no effect abroad, but do indicate that various foreign economies are in a far better position today to withstand a decline in the American economy than they were in 1949.

There was some disappointment expressed over lack of moisture which had been looked for inthe Southwest, although there has been considerable snowfall over the spring wheat belt area and portions of Nebraska. Some showers are looked for inthe eastern portions of Nebraska, Kansas, and Oklahoma tonight and fair in the western sections. Additional snows are forecast for the Northwest. There were also reports of strong winds and dust at various points in Kansas.

In export circles it was reported that Germany had purchased 57,000 tons of #2 yellow corn for shipment from the Gulf during March, April, and May. It was also reported that Malta bought a cargo of Canadian wheat overnight and that Japan had purchased 500 tons Canadian flax.

According to The Southwetern Miller, flour sales are in somewhat increasing volume, although declines of about 10¢ CWT in hard winter flour costs the last two days encouraged most of the trade to wait for some further extension of the downward trend. Mills are more hopeful of business, and the feeling is that any furthersetback could result in materially increased volume. They also stated that the regional office of the CCC in Kansas City is still showing no interest in barters of hard wheat in the Southwest against red wheat at the Atlantic Seaboard, but there was some possibility that exchanges may be resumed. The CCC Dallas office is still engaging in barters.

Primary receipts of wheat were 861,000 bu vs 749,000 bu last week, and 679,000 bu last year. Corn primaries were 1,390,000 bu compared with 893,000 bu a week ago and 773,000 bu last season. So far this week Kansas City and Minneapolis stocks show a net increase of 977,000 bu. When the visible supply for wheat is posted on Monday it will compare with a decrease last year of 2,705,000 bu.

Markets were firm, and it is likely there was some evening up of positions over the weekend.

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CHICAGO, 4 March 15, 1954.

As the government reported last week, 549.6 million bu wheat had been placed under price support as of February 15, 1954. They also show that 6.6 million bu was re-sealed as of February 15th, and that 15 million bu had been redeemed. These stocks, together with CCC non-committed inventory of 430 million bu wheat, result in more than 970 million bu wheat either owned by CCC or under the price support program. The USDA estimates that the July 1st carryover will total around 850 million bu, and thus it is obvious there will have to be further redemptions in order to bring out supplies.

In comparing the price of cash wheat with the effective support price USDA figures are as follows:

	Grade	Cash price 3/11/54	Effective Price Support 3/11/54
Chicago	#2 hard winter	$ 2.37	$2.51
Kansas City	#2 " " Ord	2.37-2.38	2.47
Fort Worth	#2 " "	2.56	2.62 (Galveston)
St. Louis	#2 Red "	2.39-2.40	2.51
Minneapolis	#1 DNS Ord	2.39	2.50

These figures indicate that while the discrepancies between the effective support price as of the above date, and the cash price vary between markets, in all cases the cash market is below that of the effective support price. Another USDA report shows that since January 28, 1954 about $10.8 million worth of farm products from CCC stocks have been bartered for materials and items for use in foreign aid programs or other agencies and for the national stockpile. Since July 1, 1953, barter transactions have involved the exchange of CCC-owned commodities having a value of about $34 million, while for the full fiscal year 1953 (July 1, 1952-June 30, 1953) only $11.5 million worth of commodities were bartered. Of the $10.8 million worth of agricultural commodities exchanged since January 28th, fertilizer is the largest single item, representing almost 95% of the total dollar value. Fertilizers, which come principally from Japan, also to some extent from Western Europe and the U.S., will be used by the Army and FOA in meeting civilian needs in Korea. The bartered farm commodities must be exported.

In one of our recent market letters we reviewed this year's operations of the International Wheat Agreement and noted that the withdrawal of the U. K. from the Agreement meant a reduction in the over-all amount of wheat and flour subject to IWA conditions of 160 million bu. It is interesting to note that the U. K. since August 1, 1953 has imported wheat and flour in the equivalent of 68.2 million bu, whereas a year ago such imports for the same period amounted to 63.4 million bu. The fact that the U.K. in remaining outside IWA, has found it possible to secure their supplies even in a slightly increased amount than previously when they were members of the Agreement, indicates the availability of world-wide stocks, and the competition to IWA exporting nations that such stocks provide.

The only moisture received over the weekend occurred as some moderate snowfall over the spring wheat belt area and Iowa, and some showers and thunderstorms over the corn belt east of the Mississippi River. There was no precipitation of consequence in the southwestern wheat areas, and fair and warmer weather is looked for generally.

There were no export sales reported over the weekend. However, it is thought that Japan will buy at least 700,000 tons of wheat this year from the U.S., which is 200,000 tons more than was estimated in the recent announcement of MSA, Section 550 Authorization.

When the visible supply of wheat was posted it showed a decrease of 424,000 bu, making total stocks 279.4 million bu, or 78.5 million bu more than last season. Corn increased 848,000 bu, giving us total stocks of 36.5 million bu, or 6 million bu less than a year ago. Stocks of beans increased 335,000 bu, making total supplies 9.6 million bu, or 2 million bu more than last year. Elevator and afloat stocks of wheat in Chicago decreased 394,000 bu, leaving total stocks of 11 million bu in this market. Corn stocks remain about the same as a week ago, while stocks of beans increased 182,000 bu making total stocks here of about 4.5 million bu.

Wheat and beans were firm early in the session but best prices did not hold, with beans actually closing lower for the day. The volume of trade seemed rather light in comparison with recent days.

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CHICAGO, 4 March 16, 1954.

Agriculture Secretary Benson has confirmed that the government will sell $20 million of surplus wheat to Spain. Under the arrangement wheat will be sold for Spanish currency which the U.S. in turn will use to help pay local cost of construction of military bases in Spain. The wheat will be outside any purchase Spain makes with its own foreign exchange, and also beyond any other U.S. aid. The Secretary said the wheat sale was the first step that may lead to something bigger with Spain, involving other surplus commodities and mentioned that a deal under which German labor on Spanish bases would be paid insurplus products is still pending. He said he expected expanded use in the future of similar schemes, and it was learned this morning that the Japanese Food Board had announced that contracts for the purchase of surplus American farm products for yen under the agreement signed in conjunction with the Mutual Defense Assistance Agreement should be completed by end of June. Japanese government agencies concerned are studying the possibilityof making further imports of surplus American farm products with yen after July under the reported American program to dispose of $1 billion worth within three years. It is apparent that the present administration is making every effort to dispose of surplus commodities by means of every channel they can devise.

Additional news from Washington concerns the government's attempt to get rid of its pile of surplus butter with April 1st the starting date for the program, although no specific plan has yet been announced. Various programs are under consideration, and while the disposal program would be primarily domestic, apparently the door is not closed for the sale or bartering of dairy products abroad, even to Russia.

Other USDA activity is concerned with the possible shortage of grain storage space for this year's crops. The Department is anxious that all interested parties be fully cognizant of the possible difficulties that may arise later in the year, and has scheduled a large conference of officials and industry to meet in Omaha within a few days. While it is much too early to know whether the Department's actions towards assuring adequate storage space will be successful, nevertheless, it shows an awareness on part of the administration of the problem and a desire to make an early start towards meeting it.

Apparently substantial barters of CCC hard wheat for Atlantic red wheat are still taking place, with elevators and mills being able to swap red wheat with the government agency in return for hard wheat. This has resulted in lessening the need for users of hard wheat to purchase their supplies elsewhere, with a consequent weakness in hard winter premiums. It is thought likely that such barters will continue as long as red wheat is available for such swaps.

When our market opened this morning traders found that generally fair weather had prevailed over all the grain belt areas, with no rainfall of consequence any section. Temperature changeshave been unimportant and continue slightly below normal generally. While light rain or snow is looked for in Montana, little precipitation is expected elsewhere, and also the possibility that there may be windy conditions Southwest.

According to the Government Weekly Crop Report, lack of substantial precipitation and the strong winds further aggravated the seriously dry conditions in the south central and southern portions of the Western Great Plains, especially the western sections of Texas, Oklahoma, and Kansas, and most of New Mexico and Colorado. In Nebraska a severe wind storm caused damage to wheat in the south western and south central portions, where most snow had blown off the fields, and moisture is badly needed, but the heavy snows were very beneficial in the northwest and north central sections of the state. Small grain prospects are mostly good over the eastern portions of the country and in the Pacific Northwest.

There were no export sales of U S grains reported overnight, but it is understood that Formosa is in the market for approximately 2 million bu soybeans with submission of offers to be made Saturday March 20th, It was reported that the CCC reduced their export corn price to 17 1/4¢ over the May fob Atlantic, 15-day shipment, but it was not believed any business resulted from this reduction.

Primary receipts of wheat were slightly over 1 million bu vs 1.3 million bu last week, and 809,000 last year. Corn primaries were 1,271,006 bu compared to 1,184,000 bu a week ago and 702,000 last season. So far this week Kansas City and Minneapolis wheat stocks show a net increaseof 272,000 bu.

Wheat was subjected to some liquidation in spite of continued reports of dry weather. The volume of trade did not appear heavy. Firmness in oil and meal aided soybeans after earlier weakness in that grain. UHLMANN GRAIN CO.

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CHICAGO, 4 March 17, 1954.

One of our friends in Canada writes that the trade is awaiting with interest developments from the joint Canada-U.S. meeting now going on in Washington. The idea has been expressed that a commission may be created to work out important controls on such crops as oats, barley, and rye by agreement rather than by invoking legal controls, but so far nothing definite has been learned. It is thought that the U.S. Tariff Commission may issue an opinion soon on the request by the USDA to set a quota on Canadian rye of less than 500,000 bu for the balance of the season, and also, that a request for limiting barley imports may also be brought before the Tariff Commission. A newsitem states that at the first meeting of the Committee assurances were given by the U.S. Secretary of State that the disposal of our surplus agricultural products would not interfere with Canada's normal international trade. One of the most important results of the meeting is that machinery for continuing consultation between the U.S. and Canada on economic problems has been set into motion.

According to Broomhall, Argentina is pressing sales of their new-crop corn at cheap prices compared with American offerings, and for example, Argentine corn for May-June shipment is offered at $1.67 1/8, cif the U. K., and for June-July shipment at $1.60 1/8 like position as compared to $1.88 1/4 for March shipment U.S. corn from the Gulf, and $1.91 3/4 March shipment from Atlantic ports. It is evident that we are experiencing increased competition on export sales of corn in world markets, as well as on wheat. This threatened loss of export markets is probably one of the principal reasons that large quantities of corn are being placed under government supports, and it appears that a situation could develop in corn similar to that of wheat; namely, that at the end of the crop-year the major portion of the carryover could be in government hands, thus limiting free supplies.

According to a news dispatch from Washington, it was reported, but not confirmed, that the President may be willing to abandon his flexible farm program for another year and go along with an extension of 90% of parity loans, provided that any bill including such a provision does not extend beyond December 31, 1954, and also that such legislation be clearly defined as GOP-sponsored. It was also reported that proposals to let growers of major farm crops choose their own price support system are under consideration. Rep. Hope, Chairman of the House Agricultural Committee, suggested sometime ago that Congress might adopt several price support plans for major crops, and farmers could then choose the plan they liked best in a referendum. On some crops he proposed offering a choice between the flexible price support program as recommended by the administration and the current system of rigid supports at 90% of parity. On other crops the choice might be between either fixed or flexible supports and a two-price plan.

Generally fair weather prevailed overnight over all the grain belt areas, with no precipitation of consequence. In the Southwest some local showers or thunderstorms in Texas are looked for, while in the Northwest possibly local showers or snow flurries in Montana. It was also noted that a strong southwest wind with blowing dust is indicated for this afternoon or early tonight for the Southwest winter wheat belt. The Weather Bureau's 30-day outlook for the period mid-March to mid-April calls for above normal precipitation in the Northeast, Northern Plains, and along the West Coast, and sub-normal amounts are in prospect for Texas and the bordering states.

In export circles it was reported that a cargo of #2 hard wheat out of the Gulf for April shipment had been purchased by Holland, and that Formosa had purchased a cargo Pacific Coast soft white wheat. Yugoslavia received a $1,960,000 allocation for the purchase of lard. It was learned this morning that effective today the CCC offices in Chicago, Kansas City, and Dallas have discontinued bartering hard wheat for red wheat, but there is no indication whether this is temporary or permanent.

Primary receipts of wheat were 509,000 bu vs 645,000 bu last week, and 295,000 bu last year. Corn primaries were 601,000 compared to 683,000 bu a week ago, and 561,000 bu last season. So far this week Kansas City and Minneapolis stocks of wheat show a net increase of 325,000 bu.

Markets were firm, particularly wheat and beans, although best prices did not hold. Strength in lard, also oil and meal aided bean prices.

UHLMANN GRAIN CO.

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CHICAGO, 4 March 18, 1954

There were quite mixed reports on weather this morning; areas in northwest Kansas reported snow and rain, while from Amarillo, Texas, we heard of high winds and dust. There was wet snow falling in Goodland, Kansas, while reports of light rain came from Hutchinson and Beloit, with heavier rains at Salina and Brookville, Kansas; Grand Island, Nebraska, also reported rain. The forecast indicates moisture for Northwest Kansas, adjacent areas of Colorado and Nebraska and for the Dakotas, while farther south only moisture looked for is in the form of scattered showers in the extreme eastern sections of Kansas and Oklahoma.

The Kansas weekly crop report states that high winds during the past week caused considerable erosion in many western areas, with the most severe blowing generally on fields damaged previously. Some wet fields which had made recovery from previous storms were given a further setback. Army worms are prevalent in alfalfa fields, but their numbers in wheat fields are small and only minor damage to wheat has occurred. According to the Oklahoma weekly crop bulletin dust storms caused considerable damage in the windy area of Western Oklahoma and moisture conditions continued to deteriorate during the week over the entire State. Condition of fall-seeded grains declined, particularly in the extreme western counties, and in this area wheat is generally rated poor to fair but crop prospects would be greatly improved by immediate rains. In other areas crop losses from wind erosion have been small to date, but moisture is urgently needed to prevent further deterioration. The Nebraska weekly report says high winds last week caused some further damage to wheat in Western Nebraska but moisture in the form of snow prevented serious damage. The benefit from the snow was spotted due to the high winds, which caused drifts but brought some improvement. Elsewhere in the wheat areas of the State precipitation in the form of rain or snow was generally too light to be of material benefit, but was ample to check damage from blowing. The Missouri weekly bulletin states that the nearly rainless weather of the past week continued and has brought record shortages of stock water in the Southwest. The strong warm winds and low humidities have caused rapid drying of topsoil in southwestern sections and crops there will soon require more moisture to survive their critical stage. Other parts of the State reported topsoil moisture adequate for a good start of wheat and oats, even with no precipitation for several weeks more. Subsoil reserves are still very poor generally.

Of considerable interest to the trade will be tomorrow's government report on prospective planting for 1954, which will give a figure for soybeans. The report will compare with that issued last March which showed 15,862,000 acres grown alone for all purposes. The final government report last December showed that the acreage harvested for soybeans was 14,366,000 acres, excluding acreage interplanted with other crops.

Later weather reports told of rain at such points as Emporia, Wichita, Norton and Hutchinson, Kansas. However, these were apparently short-lived showers as the rains were only of brief duration.

According to Broomhall cold weather again slowed field work in a number of European countries. Most winter grains in the U. K. continue satisfactory while in Western Germany uncertainty exists over the effects of earlier severe cold; reserve moisture is low, and rain would be welcome. There are no serious complaints from Italy, and over-all wheat prospects are favorable. There are some complaints in France that wheat has lost color, and it has again been cold with hail and snow. Conditions are mostly satisfactory in Spain, and the general crop outlook for North Africa is also satisfactory. Argentine corn is maturing under favorable conditions, with harvesting soon to be under way in a number of sections.

According to The Southwestern Miller flour sales have slowed to a marked extent, and volume is relatively better on hard winters than either springs or soft wheat flours, butSouthwestern bookings have undergone pronounced contraction from the generous week-end total. More export inquiry has developed for flour but only a few sales.

Primary receipts of wheat were 723,000 bu compared to 886,000 bu last week, and 629,000 bu last year. Corn primaries were 1,012,000 bu vs 1,293,000 bu a week ago and 579,000 bu last season. So far this week Kansas City and Minneapolis wheat stocks show a net increase of 348,000 bu.

The scattered moisture reports led to some selling in wheat. Over-all volume of trade appeared to be rather light.

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CHICAGO, 4 March 19, 1954.

The administration's fight for a farm program endorsing the principle of flexible supports has met with considerable Congressional opposition in this, an election year. This opposition has developed, despite President Eisenhower's recent statement that the chief beneficiaries of our price-support policies have been the larger highly mechanized farming units, and that the small family-sized farm units derive little benefit from our present support program.

In a recent address Secy. Benson quoted some statistics on 1953 crop loans that fully support the President's claim. For example, in Kansas the largest wheat loan was over $139,000, with the second largest is excess of $125,000, while the average wheat loan in that state was $1,525. In North Dakota the average wheat loan was $2,890 compared with the largest loan of about $127,000, and the second largest of almost $85,000. In Nebraska, the largest corn loan was $67,000 and next in line was a loan of over $41,000, while the average was $2,487. In California, the highest cotton loan was nearly $1 1/4 million, while the average loan was $1,731. The Secretary went on to state that operators of family-sized farms receive comparatively little help from the present program, and that as a matter of fact, more than half the nation's 5 1/2 million farmers receive only relatively few dollars from price supports. Even more important, according to the Secretary, is that many farmers help pay for price supports to other farmers, while receiving little or nor benefit themselves.

In connection with the above figures, it is interesting to review the distribution of U.S. farms in terms of numbers and total gross sales. According to the U.S. Bureau of the Census, 31.1% of the U.S. farms are termed "part-time and residential" farms. These farms produce only 2 1/2% of the value of all farm sales. The balances are classified as "commercial" farms, and produce 97 1/2% of total sales, but in this "commercial" group we find that 59.9% of all farms produce 46.7% of the nation's total farm sales and that the largest share of total sales of 50.8% is produced by only 9% of all farms. These figures support the claim that our largest farms, even though their number is in the minority, produce the major share of the nation's output, and augment the President's statement that the larger farming units have been the chief beneficiaries under our present price-support policy.

At the National Grain Storage Conference, recently held in Omaha, it was indicated that about 200 million bu of additional storage space will be constructed by Co-Ops and commercial warehousemen as a result of the rapid amortization plan enacted last year by Congress and the program of guaranteed occupancy contracts devised to encourage such construction. However, it was indicated by government spokesmen that an additional 100 to 250 million bu of space will be needed. According to reports from the meeting, it was learned that the government may itself construct about 100 million bu temporary bin space, and also suggested that farmers store a like amount on their own farms. It is reported that the latter plan ran into some opposition on the grounds that farmers do not want to take the responsibility of storing their own grain and have to answer for its quality.

The USDA today announced the 1954 corn crop loan will be at a minimum of $1.62 per bu in the commercial corn area, which compares with $1.60 for the 1953 crop. This is 90% of the February 15th parity, and this rate cannot be lowered, but if parity is higher by October 1st it can be increased. To be eligible for supports in the commercial areas producers must comply with acreage allotments.

Overnight there was some good moisture in Nebraska and also in the extreme northwestern part of Kansas. Some moderate snows were received in the Dakotas, and some light rains in the corn belt. In the Southwest, there was no precipitation of consequence, and only scattered light amounts are looked for.

Statistics did not account for much, primary receipts of wheat today were 607,000 bu compared to 861,000 bu last week, and 674,000 bu last year. When the visible supply of wheat is posted on Monday it will compare with a decrease last year of 3,255,000 bu.

Both wheat and beans opened firm, and around mid-session beans ran into stop-loss orders, with the September future at one time reaching the daily limit up. Offerings of beans in the pit were very light. Oil and meal were also strong. The five-day forecast does not indicate moisture of consequence for the Southwest, and the new crop months gained on the old. Monday, March 22nd, will be the last trading day in March futures.

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CHICAGO, 4

March 22, 1954

The government report of prospective plantings for 1954, released the end of last week, showed that a relatively large total spring planted acreage is in prospect. For the sixteen crops covered in the report, a total of 282 1/4 million acres are indicated, which would be over 11 million more than were planted in 1953. However, comparisons between prospective plantings and alloted acreages under government program are possible in only a few instances. For wheat a prospective 1,490,000 acres of durum and 15,167,000 acres of other spring wheat, plus the 46,575,000 acreage of winter wheat, totaling 63,232,000 acres, is only 2% above the national allotment of 62 million acres. Corn acreage allotments were proclaimed for only a designated commercial area, at 17.6% less than the 1953 planted acreage in the same area and equivalent to about 12% of the national total, and the report showed that prospective corn plantings are only 0.4% less than the 1953 planted acreage.

Plans are much more uncertain than usual, however, and developments after March 1st, the date of the report, may significantly affect acreages finally planted to allotment crops and thereby result in shifts in others. For example, durum wheat producers may apply for increases in their durum allotments up to double the current intended acreage. Also, while general information on the acreage allotments for corn by states and counties had been published widely, individual farm allotments were known to only a few growers on March 1st.

For cotton, allotments provided earlier in the year were changed by subsequent legislation to increase total allotted acreage by nearly one-fourth, and here, also, the new individual allotments were known to only a few by March 1st.

The report indicates that feed grains may be grown on 161 million acres, which would be 11.4 million acres, or nearly 8% more than in 1953. Corn acreage will be smaller in high-yielding portions of the corn belt, with nearly offsetting increases in the South and other areas outside the designated commercial area. For oats in all but six states acreages will be larger than in 1953. A 4 million-acre increase in all sorghums is indicated, more than three-fourths of it in Kansas and Texas, with other Plains States and Southern States also substituting sorghums for restricted wheat and cotton. On the other hand, food grains will be grown on a much smaller acreage than in 1953 as growers are holding close to wheat acreage allotments. Planted acreage of winter wheat was 10 million acres less, and spring wheat acreage is expected to be 5 1/4 million less than last year. The acreage of rye was increased about one-fifth-up to 4 million acres, and an indicated increase of 179,000 acres planted to rice, would set a new record acreage for this crop.

The oilseeds' acreages of flax and soybeans are both up sharly from last year. Kansas is the only State indicating a decrease in soybean acreage, while increases are sharpest in such high-yielding areas as most north central states, Arkansas and Mississippi.

There was not much in the way of weather over the week-end, with precipitation confined to the eastern part of the country. Light snows are indicated for the northwestern states, while light showers are looked for in the Southwest.

When our market opened this morning corn prices were lower, probably due to the government report that indicated farmers were not complying with acreage allotments. New-crop wheat futures were also lower, likely due to the possibility of moisture Southwest. The increase of 2 million acres to be planted to soybeans was somewhat less than had been looked for by many, and buying was evidenced in both old and new crop months. There were no reports of export business in U. S. grains overnight, although it is understood that offers are being submitted tonight to Formosa on 850,000 bu of soybeans, and it was also reported that Greece is expected to come into the market the end of this month for 45,000 tons of Gulf hard winter wheat.

When the visible was posted wheat showed a decrease of almost 2.2 million bu, leaving total stocks of about 277.3 million bu compared to 197.7 million last year. Corn increase 526,000 bu, making total stocks 31.1 million vs 34.6 million bu a year ago. Chicago stocks of wheat in-store and afloat decreased 280,000 bu, leaving 10.8 million bu here compared to slightly under 11 million bu last year. Chicago stocks of soybeans increased 204,000 bu, giving us total supplies in this market of almost 4.7 million bu.

Late in the session liquidation came into the March wheat, probably due in part to the poorer outlook for the movement of red wheat out of Chicago. Soybeans also encountered liquidation with the market running into some stop-loss orders, but some recovery took place.

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CHICAGO, 4 March 23, 1954

News reports from London this morning told of two important steps taken yesterday by the British on the road leading to free markets. After a lapse of fifteen years, the London gold market was reopened, and after the first day's trading the new market gave indications of becoming a major factor in world gold trading. The second step consisted of removing most of the remaining restrictions on the use of pounds for payments by countries outside the sterling and dollar areas. While the new market for gold does not contribute toward convertibility of pounds into gold or dollars that did not already exist, it does indicate the economic thinking of British leaders, and follows the line of some of their past actions whereby private business activities have been stimulated. The relaxing of currency restrictions is expected to increase the use of pounds in world trade and thus also increase the pound's value.

The major news overnight affecting grain markets was reports of moisture received in Kansas where general, although light, amounts of rain and snow fell. Similar conditions are expected in the main grain areas of Oklahoma and Texas today and tonight, as well as additional moisture in Kansas. Although at the present time amounts received have not been heavy, every little bit counts and is encouraging to crop prospects.

Yesterday Agriculture Secretary Benson, appearing before a Senate Sub-Committee, stated that when 1954 grain and oilseed crops are harvested the U. S. may expect to have the largest total supplies of these commodities in our entire history. According to the Secretary this will result in the biggest storage job we have ever undertaken. In line with the storage situation expected to be faced later this year, the USDA has outlined details of the farm storage facilities and the farm storage equipment loan programs, which have been extended for another year through June 30, 1955. Under these loan programs farmers and others can borrow a large part of the cost of additional storage space and drying equipment to provide additional farm storage and vital conditioning equipment for grains and seeds. These loans are part of a broad coordinated attack by USDA on the general storage problem and are in addition to the special re-sealing program for seven 1953-crop grains under loans and purchase agreements to hold these commodities on farms for another year. According to Washington advices a consolidation of estimated availability of grain storage space at terminal and sub-terminal facilities by September 1, 1954, reveals that as of that date operators will have better than 86 million bu of new capacity or nearly half the USDA goal of 200 million bu of space. It is thought that more than 67 million bu of this 86 million bu of space will be available on July 1st, indicating that there has been a liberal response to the government program encouraging private construction.

According to the government weekly crop report, moderate to locally heavy precipitation further improved small grain prospects in nearly all sections of the country except in the middle and southern portions of the western Great Plains. The critically dry regions include the western portions of Texas, Oklahoma, and Kansas, eastern sections of New Mexico and Colorado, and south central and southwestern Nebraska. In parts of Texas and Kansas additional damage has been reported and abandonment is expected to be heavy in extreme western Oklahoma unless rains come soon. There were also reports of further blowing damage in the dry sections of Nebraska, but the crop is very good to excellent in most of the eastern portion and parts of the Panhandle. Elsewhere over the country, including much in the eastern portion of the Great Plains, small grains are showing improvement and mostly in fairly good condition.

In export circles it was reported that Formosa had purchased a cargo of soybeans and that Holland had bought 4,000 tons #2 hard wheat out of the gulf. Ireland purchased 5,000 tons corn out of the gulf and a small parcel of corn was also bought by the U. K.

Primary receipts of wheat were 1,135,000 bu compared with 1,031,000 bu last week and 871,000 bu last season. Corn primaries were 997,000 bu vs. 1,271,000 bu a week ago and 1,185,000 bu a year ago. So far this week wheat stocks in Kansas City and Minneapolis show a net increase of 237,000 bu.

Markets were under pressure during almost all of today's session, with old-crop bean futures encountering the most severe declines.

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CHICAGO MERCANTILE EX

CHICAGO, 4

March 24, 1954

In the USDA publication, THE DEMAND AND PRICE SITUATION, it is reported that farmers' cash receipts from marketings in the first two months of 1954 totaled about $4.6 billion, almost the same as the year earlier. Marketings were about the same as a year ago, but prices received by farmers averaged a little lower. The trend in general economic activity continued gradually downward in January and February, with industrial output and employment declining slightly. However, despite this downward trend, indexes of commodity prices at both retail and wholesale levels have been very stable in recent months. Prices received by farmers in mid-February averaged about the same as in January, at a level 2% below February 1953. Livestock product prices were unchanged on the average, while central market prices of major agricultural products in early March averaged a little below mid-February. Prices paid by farmers, including interest, taxes, and wages, continued at 282% of the 1910-14 average in February, or one index point above a year earlier. The parity ratio slipped one point over the month and at 91 in mid-February was three points below a year ago.

The report indicates that consumer incomes, after taxes, continue near record levels even though total income payments have declined with the drop in employment. Income payments in January were at an annual rate of $282.5 billion, - down $2 billion from December. With income after taxes continuing high, consumer buying has been fairly well maintained. Sales were fairly steady in January and February, at levels moderately lower than a year earlier.

Broomhall in reviewing foreign crops states that it has been much warmer throughout Europe, and spring grain reseeding has been resumed. The moisture situation is still precarious in Western Germany but is considered to be satisfactory in most other parts of Europe. In France, the final planted acreage to wheat this year is expected to exceed the 10,320,000 acres put in for the 1953 crop as the high guaranteed price is encouraging widespread planting. Big cereal crops are again forecast for Italy. There has been no apparent winter damage and weather is now favorable for plowing and seeding spring crops. Continued complaints of water shortages were received from Western Germany and also reports of considerable winter kill, so that production is likely to be disappointing in 1954. In Turkey, new-crop prospects are not so favorable as they were at this time last year and smaller crops are generally anticipated.

Moderate rains were reported again in areas of the Argentine. Corn is already being picked in the early districts and indicates fine quality. 7 million tons corn are anticipated for the 1954 harvest compared to 3.5 million last year. High yields of corn are also expected in South Africa, with the crop progressing favorably.

There were reports of fairly general, although light, amounts of moisture overnight in Kansas, also parts of Nebraska and Oklahoma. It is indicated that these conditions are likely to continue today, possibly including parts of western Texas and also extending into portions of the Dakotas and Minnesota. This precipitation has brought at least some relief to various sections of the Southwest, and undoubtedly was very welcome.

It was reported that Holland purchased 4,000 tons #2 hard wheat for May shipment out of the gulf, also that Germany had received an FOA allocation of $2 million for the purchase of corn. Afghanastan it was reported received $1,450,000 for surplus flour.

Primary receipts of wheat were 571,000 bu vs. 509,000 bu last week and 478,000 bu a year ago. Corn primaries were 547,000 bu compared to 601,000 bu a week ago and 908,000 bu last season. So far this week Kansas City and Minneapolis wheat stocks show a net increase of 334,000 bu.

Reports of domestic flour business, together with strength in outside markets, finally brought some buying in Chicago after early weakness. It was thought that some of the delivery wheat accumulated in Minneapolis may have been exchanged for CCC-owned high protein milling wheat.

Beans rallied considerably, probably due to short-covering after earlier liquidation. Spot basis for cash corn improved to 3 over the May and the market generally was firm.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 25, 1954

From the press conference held yesterday by President Eisenhower, it is obvious that the administration intends to stand pat on the economic program it has designed. There is nothing in our economic picture, according to the President, that requires any emergency anti-recession measures at this time, and he believes that the legislative recommendation he has made to the Congress will result in a prosperous and equitable economy. According to government economic experts, it is estimated that American earnings during the early months of 1954 are about the same as they were during the same period last year. Actually, according to these experts, many people have more money to spend than they did a year ago, as a result of a 10% cut in income taxes effective January 1st, although higher social security payments affected these tax savings for many people in lower income brackets. It is thought that these estimates are relied upon considerably in the administration's view of the economic situation, as is the report of the Secretary of Commerce that there are some indications of a slight decline in unemployment during the month of March.

In line with the USDA awareness of the possible grain storage problem later this year, the Department announced that farmers may extend for another year their farm storage loans on 1952 crop corn now under re-seal. This is in addition to the re-sealing programs recently announced on seven farm-stored commodities under 1953 price support loans, and gives further indication that the Department is using every means at its disposal to attack and alleviate the storage problem that is anticipated.

News from Washington tells of a report by the Soil Conservation Service indicating that crop-land damaged by wind erosion in the Southern Great Plains is approaching the number of acres so damaged during the "dust bowl" days of the 1930's. From February 1st to March 1st, about 3 3/4 million acres lacking vegetative and other protective covering were badly damaged, bringing total acres under active erosion to over 9 1/4 million. Nearly half the heavily damaged crop-land on March 1st was in Colorado and about 90% of the total figure was in eastern Colorado and western Kansas.

Since yesterday light to heavy amounts of moisture have been received over a rather wide area. Precipitation was heavy from eastern Kansas and Missouri northeastward into the Southern Great Lakes area, with lighter amounts being received in eastern sections of Oklahoma and Texas. Snow was general over the Northern Plains States. While undoubtedly these rains and snows have been beneficial in many sections, the southwestern area of Kansas, together with western Oklahoma and the Panhandle of Texas, are in need of further moisture. The Nebraska weekly crop report states that light rain and snow last week reduced the damage from winds to some extent in the Panhandle. However, southwestern Nebraska had received very little moisture since early December and shows more damage. The Oklahoma Weekly Bulletin reports that dry weather continued during the week ending March 23rd and dust storms caused additional damage. Field work has been delayed and very little spring planting has been done except in the southeastern area. Lack of moisture is causing the decline in prospects, especially in the extreme western sections, but they remain fair to good in central and eastern areas.

According to the Southwestern Miller, spring wheat mills participated in a heavy flour business on protection against an 8¢ rise in cost, but sales of hard and soft winter flours fell off. Increased resistance to rising costs has developed, particularly in view of distinct brightening in the crop picture. Some good sized export flour sales were made. Premiums for hard winter and spring wheat continued to climb. Some increase in country selling developed in the southwest on bulge that showed signs of attracting purchase agreement wheat.

The only export business in U. S. grains reported overnight was the purchase by Norway of 3,500 tons of #2 white wheat for April shipment out of the Atlantic.

Primary receipts of wheat were 595,000 bu compared to 793,000 last week and 795,000 bu a year ago. Corn primaries were 697,000 bu vs 1,012,000 a week ago and 1,109,000 bu last season. So far this week wheat stocks in Kansas City and Minneapolis show a net increase of 494,000 bu.

Rallies in wheat and beans did not hold, although corn exhibited independent strength. May wheat gained somewhat on the more deferred months.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

March 26, 1954.

Whether or not the U. S. economy will experience a widening of the business recession we are undergoing is a matter of much concern to every American. Various reports of economists, government agencies, and others indicate quite a widespread difference of opinion as to what lies ahead. As written in this letter yesterday, President Eisenhower has expressed his confidence that our economy climate is a healthy one and that the administration sees no necessity at this time to change the legislative program it has recommended. However, the Annual Survey of Consumer Finances made by the Federal Reserve Board, which has just been released, indicates that on the whole the consumer is becoming somewhat more pessimistic than heretofore. An analysis of the replies of consumers interrogated show that a further decrease in consumer-buying is more probable than a pick-up during the balance of this year. According to the survey, less spending is planned for new homes, furniture, and major household appliances, in addition to which it is revealed that consumers have become less optimistic about their own personal financial prospects. Even though the survey foreshadows a continuation of the decline in business activity, nevertheless, it is significant to note that the majority of those consumers expressing opinions felt that business prospects generally were still pretty good.

In a recent address by Secretary Benson, he pointed out that in order to maintain a stable, prosperous, and free agricultural economy, we cannot afford the luxury of unused abundance. According to the Secretary, we now have under government ownership or under loan enough wheat to provide the average family in the U. S. with more than 1,000 loaves of bread, enough cotton to make 88 shirts or 72 housedresses, enough corn to provide four months' supply of pork and pork products, and enough butter and cheese to take care of about three months' requirements. While some of these stocks can rightly be called reserves, a very large part of them are far in excess of any reasonable estimate of needs. Mr. Benson emphasized that the program on flexible supports as recommended by the administration will gear price supports to supply and demand conditions, and will discourage the building up of unreasonable surplus stocks for which there are no outlets. The Secretary made it clear that he favored aid to agriculture and a system of price supports, but that he was unalterably opposed to programs that substitute government aid for reasonable self-help, and that this is the biggest danger facing the American farmer if the present program of rigid price supports is continued.

There was no moisture in the Southwest overnight, and the five-day forecast is for temperatures slightly below normal, with precipitation ranging from 1/2 inch in extreme eastern Oklahoma, and extreme southeastern Kansas to .10 to .20 in western Nebraska, and .10 or less in extreme southwestern Kansas and western Oklahoma. There was some disappointment that the recent moisture had missed some of the far western sections of the southwestern wheat belt, and new-crop wheat futures gained noticeably today on the May.

It was announced in Washington that the FOA had allotted $50 million to Japan to purchase surplus U. S. farm commodities under Section 550 of the MSA. This means that Japan will pay in yen currency, although FOA dollars are actually used for the buying. Procurement authorizations were then issued for $35 million of the grant be for breadgrains, and $7 million for barley. In export circles it was reported that Holland had purchased 5,000 tons of hard wheat for June shipment from the Gulf, and also that the U. K. had bought parcels of corn. The U. K. also purchased about 5,000 tons of lard.

According to The Southwestern Miller, only a small flour business is being done from day to day. Bookings of springs slowed down after a substantial one-day spurt, and indications are that northwestern sales will be extremely slack for some time to come. There is still strong resistance to additions to hard winter flour balances at current prices. Export business also is slack.

Primary receipts of wheat today were 719,000 bu compared to 607,000 bu last week, and 747,000 bu a year ago. Corn primaries were 471,000 bu vs 910,000 bu a week ago, and 1,088,000 bu last season. So far this week wheat stocks in Kansas City and Minneapolis show a net increase of 508,000 bu. When the wheat visible is posted on Monday it will compare to a decrease last year of 2,090,000 bu.

Old-crop months of beans and wheat were subject to liquidation, while new-crop months offered better resistance. Corn was firm, and the spot basis in Chicago improved to 3 3/4 over the May. Weakness in oil and meal contributed to the easiness in old-crop beans.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4 March 29, 1954.

Statistics are not always exact, and this is particularly true when it comes to government holdings, which are subject to correction from week to week, as the information comes from thousands of sources, and there must be a good many discrepancies that occur. Also, there may be some duplication from time to time, and one cannot accept the loan figures, plus the government uncommitted inventory stocks, at their face value. The reason we say this is because of what occurred last season. At this date in 1953, there had been a total of 462 million bu wheat placed under the loan, and there was also 127 million bu wheat held by the government from past years. Thus with the final carryover of 562 million bu on July 1, 1953, one could have assumed that if there had not been any redemptions, we would have been about 25 million bu in deficit. What actually happened was that of the carryover there was about 48 million bu in the free supply, so that together with the 25 million bu on the debit side of the equation, we made up 73 million bu wheat at a time when prices were not particularly high, and when it looked as though redemptions might not easily take place. We appreciate, of course, that the government sold some wheat to exporters, thus relieving what might have otherwise been a rather tight squeeze. On the other hand, there must have been some farmers who, despite the price, redeemed some of their grain to make space for the next crop.

At the moment we could paint an even greater scarcity based on the figures which have been given to us. There is 550 million bu placed under the loan, with 430 million bu additionally held by the government, or a total of 980 million bu, with the prospective carryover likely to be only about 850 million bu; thus a theoretical deficit of some 130 million bu. The fact of the matter is that while cash wheat is not being sold too freely, there have been some redemptions on the high protein grades where it paid the farmer to pay off his obligation. We do not have any accurate estimate of how much wheat is in this category, as there is always a long lag before the government furnishes complete data.

What we are trying to say, however, is that the market does not indicate that there is an imminent shortage of wheat, despite the large quantities that are under the government domination. Today May wheat, which is the last old-crop month, lost ground again on new-crop futures, and this is rather indicative, although nobody can be absolutely sure that there may not be relative tightness if on April 30th defaults are extremely large, with most of the impoundings going into government hands. All areas are not equal, as Chicago still has fairly good amounts of red wheat, which are free.

There was some moisture in the Northwest, also in Iowa and Nebraska. It was mostly in the form of snow. East of the Mississippi River there was also precipitation, but it was fair Southwest, and there is not much promise of relief although temperatures in Oklahoma and in other parts of the Southwest are low, which should prevent early growth, so that later precipitation might still be of benefit before the crop is too far along.

The bean market was influenced by some back-spreading between old and new-crop months. There must be a good many people now who have been long for six months or more and who are willing to accept a profit on old beans. The total supply of beans this year is said to be the smallest since 1949, and despite a relatively small crop, exports are likely to reach a peak of over 40 million bu which would be a new high.

When the visible supply of wheat was posted, there was a decrease of about 1/2 million bu, but total stocks are still 81.2 million bu larger than last year. There was a small decrease at Chicago, leaving 10 1/4 million bu here, with hardly any stock afloat. The corn visible decreased 164,000 bu, leaving 31 million bu in various markets, which is about 2 1/2 million bu smaller than last season. Beans showed a small decrease. There are nearly 12 million bu beans in various markets compared to 9 1/4 million bu held a year ago.

The mid-day weather forecast for Kansas indicated light snows in the northwestern and extreme western portions for Tuesday, with light snow or freezing rain in the northern and western portions. It was snowing at Kansas City, and this was responsible for some liquidation. However, the bulk of the selling came in the May future, and the spread between May and July narrowed considerably. The weakness in wheat finally made its impression upon coarse grains. Early in the day corn had been rather firm, but it finally reacted and closed somewhat lower. Beans were weak at one time, although there was buying on the break, and a good recovery occured. Rye was very weak, both here and at Winnipeg.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 March 30, 1954.

The loans on wheat were started in 1938 and at a very moderate level. Basis Chicago the farmer received 77¢ per bu but, of course, with parity prices rising almost every year, we have had a steady increase. The farmer has learned to make the loan level generally effective by placing his wheat in the program, which in turn has reduced free supplies. Each year it seems that more and more farmers have taken advantage of government benevolence. Until the reserve stocks had reached such great heights, the futures market invariably exceeded the Chicago loan equivalent late in the season owing to the fact that free supplies were reduced to a point that finally created artificial shortages. It was clear to see last season when many traders, figuring that the previous pattern would be followed, found to their dismay that supply and demand relationships were beginning to interfere with past procedures. If our carryover supply reaches a peak figure of 850 million bu on July 1, 1954, this will be more wheat than used to be raised in this country prior to the war, and it will likewise be more than our normal consumption of 700 million bu, including bread usage, feed and seed. Besides this Canada has amassed a tremendous surplus; she has not sold a bushel of the current big wheat crop but actually has nearly 150 million bu left over from the previous season and is in a very serious position, particularly if an average crop is harvested again next summer. A wheat surplus of nearly 700 million bu in Canada is less than the total of supplies piled up here, but considering the difference in population of the two countries and their great dependence on agriculture and exports, they are certainly faced with a big marketing problem, which seems to be getting worse rather than better.

Much faith had originally been placed in the International Wheat Agreement but Britain went along only to the point at which she had a definite advantage. More recently she has been trying to buy her grain as cheaply as possible in various parts of the world, and has succeeded. The fact that Argentine and Australia have had big crops certainly added to the pressure from other countries to sell, and it seems that all thewarnings from practical marketing authorities were ignored and those with a lifetime of experience in the business could not convince politicians and others that some day these issues had to be faced. From a statistical point of view, there can be no cure so long as the huge, ungainly surpluses of wheat and other farm products hang over world markets. We discovered rather painfully in the 30's that the only way to deal with surpluses was to sell at a price that consumers were willing to pay.

It is our view that Secretary Benson is fully cognizant of the situation and that he is, therefore, approaching the present dilemma through a gradual reduction in price levels instead of trying to maintain rigid supports.

For the longer pull we are more optimistic due to population growth. Each day there are 7,500 more persons to feed, as a child is born every eight seconds. Thus by 1975 we may have about 200 million people in this country. Calculating on basis of present consumption this would require 30% more meat and eggs and 18% more dairy products. Putting it in another way we shall have to almost double the farm production of the prewar era, 1935-39.

Primary receipts of wheat were 895,000 bu compared with 1,135,000 bu last week, and 987,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 130,000 bu. Contract stocks of wheat in Chicago are the same as last week, and there is still more than 5 million bu of red wheat in this market, although a portion of it is under loan.

We had general weakness after the opening, but when beans rallied sharply it seemed to affect the entire list for a time. Toward the close, however, there was a sharp sell-off. There was a very good forecast for moisture in the Southwest but not too much attention was paid to it. It looks as though even Texas would get some rain, while farther north snow or rain is likely.

Since the Australian crop has been revised upwards, it is expected that the carryover reserve at the end of November will be about 96 million bu compared to normal reserve stocks of 16 million bu. This is another indication of surpluses piling up by a country that generally marketed its grain in a most efficient manner.

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CHICAGO, 4

March 31, 1954.

Unless there is some last-minute legislation, the support price for dairy products will be lowered tomorrow to 75% of parity. Secretary Benson points out that it was a most difficult decision for the Agriculture Department to make, but that it was inevitable. The lower level was necessary not only in the best interests of the dairy industry, but also, to comply with the law. There is no way to control dairy production. The dairymen themselves have not been willing to accept production controls in order to keep supplies in line. Moreover, there does not seem to be any realistic way to apply such controls. The government at the present time owns a billion pounds of butter, cheese, and dried milk. Stocks are in good condition, but the time is approaching when some of these products must be moved; otherwise, the government will be confronted with the costly and embarrassing problem of spoilage. As Dean Myers of the Agriculture School of Cornell University points out: "A storage program to support prices can reduce price fluctuations but cannot raise prices over several years unless the product is destroyed or given away. Farm products with good balance between supply and demand, such as hogs, eggs, apples, and prime beef, are now selling at fair prices without support."

Before our market opened this morning, the weather map was closely scanned. It had been expected yesterday that a considerable amount of moisture was developing in the Southwest, including the Texas Panhandle, but the storm area had worked southward, and it now looks as though only a small amount of rain and snow may fall over western sections of Oklahoma and Kansas. This, of course, is very disappointing as the storm center seems to be losing its intensity and our own weather man does not believe that there will be precipitation of consequence. Some of yesterday's selling was undoubtedly on the prospect of rain and snow and as a result there seemed to be some short-covering here this morning. We find that subsoil moisture in the Northwest is below normal but somewhat better than a year ago. Surface moisture has been improved considerably during the past week, with light to heavy snows reported over much of the territory. The northern half of North Dakota, however, received the least moisture, and it will require good spring rains to overcome present deficiency.

From abroad Broomhall mentions that crops are making fair to good progress, and that Europe had beneficial rains. Weather has turned clear and sunny in France after a good deal of moisture and crops seem to be growing vigorously. There is optimism regarding the potential production of wheat and other grains. There were heavy rains in Western Germany, which improved the moisture situation that previously had been causing concern. Still crops are less promising than a year ago and frost damage to wheat was greater than believed earlier.

Primary receipts of wheat were 544,000 bu, which was a little larger than last week and also larger than last year. Kansas City and Minneapolis stocks so far this week show a net increase of 176,000 bu.

New-crop futures of wheat were relatively strong, probably due to disappointment over weather. As a result the spread between May wheat and the deferred months narrowed further. The Nebraska Weekly Crop Report was not optimistic, and while there was some improvement in the Panhandle district of that state from recent moisture it was apparently too light to help a great deal. There has been considerable damage to the plant in some of the southwestern and central counties, and slight damage in a few eastern counties. The prospect is poorer now than it was last fall. Spring wheat seeding has been delayed because of cold weather conditions. There has been no wheat jointed yet in Oklahoma, and while the plant looks a little ragged we are told that this is probably due to the dry condition. As far as Texas is concerned, the crop is going back almost daily, and the abandonment may be quite heavy unless we get some moisture soon.

There were a series of ups and downs in the wheat market, and no particular trend. Beans had been quite strong at one time, but they later reacted. Corn was inclined to be weaker. Receipts are not burdensome, but about one-third of the carlots here in Chicago were for government account, which shows that liquation is keeping up. Bookings of flour are still slow and volume is about the poorest in recent months.

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CHICAGO, 4

April 1, 1954.

We note that in virtually all the speeches Mr. Benson is making around the country he is arguing for flexible price supports, and he believes it would be an incentive to encourage farmers and consumers to bring production and consumption into better balance. He has pointed out on several occasions: "Nearly 60% of the cash marketing receipts of American farmers come from hogs, cattle, poultry and eggs, fresh fruits and vegetables and other commodities which enjoy little or no price support protection. The six basic commodities which claim most of the headlines in farm policy debate actually account for only 23% of our agricultural income." He also points out that under his proposal producers of wheat and other basic crops would always receive supports at 90% of parity if total supplies were at normal levels. In other words, support prices would be reduced only when supplies exceeded such levels. He even goes so far in his thinking to believe that supports might be above 90% if conditions justified. Mr. Benson has been realistic throughout in his thinking. He recognizes that a record carryover of wheat is in sight, which will probably be 850 million bu on July 1st. The cotton carryover is estimated at more than 9.6 million bales, enough to meet domestic needs for a full year, and all of the cotton will be on hand as we commence picking the 1954 crop.

Before our market opened this morning there was a report that the President had issued a proclamation late yesterday for restricting imports of rye, most of these shipments now coming from Canada. This would be in response to a recommendation by the Tariff Commission. The President said that it was necessary to prevent imports from materially interfering with the domestic price support program for rye. It means that only about half a million bu rye can come into this country between now and the next crop, and about 3.3 million bu for the year beginning July 1, 1954. The restrictions will not be for an indefinite period as the Commission hadsuggested but will terminate on June 30, 1955. The result was that our rye market became very strong at the opening and thereafter, but by the same token new lows were made on the crop at Winnipeg, and they suffered severe declines.

There was no rain overnight and the indication is for continued dry weather in the Southwest, which is certainly not encouraging. Somewhat higher temperatures will prevail.

According to the Santa Fe Railway report the big question still unanswered is just how much of the 1954 wheat crop will come through after having been buffeted for five weeks with almost unrelenting winds of velocity from 40 to 50 miles an hour, with an occasional period of even greater intensity. Many reporters, according to this report, feel that at least 25% of the wheat acreage west of the 100th Meridian has been damaged by wind and in some localities it may be quite severe. To what extent recovery can take place is dependent on how long plants must go without adequate moisture and the severity of future winds. Should good rains occur in the near future much of the damaged acreage may recover, and in many cases will produce a fair to good crop. However, there is little doubt that some apprehension will be felt.

Primary receipts of wheat amounted to 765,000 bu compared with 595,000 bu last week, and 686,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 138,000 bu.

The wheat market was strong from the start, influenced first by dry weather, but later in the session it was announced that Germany will probably be inthe market shortly for 160,000 tons of red and hard wheat, which is about 6 million bu, and a like quantity of Canadian wheat. This probably strengthened the May contract. Clearances the past week, according to Broomhall, were 2 million bu, and since July 1st there has been 136 million bu of wheat exported compared with 264 million bu a year ago. Canada during the week shipped 4.2 million bu.

Corn was weak, and there was some liquidation by discouraged longs. Beans were influenced by a request fromthe CEA to disclose the names and holdings of all traders in the market as of yesterday. Some selling occurred, although the market reacted from the low point, but losses for the day were heavy for old-crop months, while deferred futures were firm.

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CHICAGO, 4

April 2, 1954

The purpose of farm support legislation is to give agriculture a purchasing power equal to industry. Special advantages are not looked for, and the way the farm program has worked out they have not been realized even though for periods of inflation, such as during World War II, agricultural incomes advanced more rapidly than those of industry, probably partly because of price controls. We would think that various phases of our economy will always adjust themselves to the remainder of our economy even though for short times one or the other may get out of balance. The price level of agricultural products does not determine the welfare of farmers. For instance, in 1941 the realized gross farm income was $13 3/4 billion, and after paying production expenses the realized net income for agriculture was $6 billion. At that time, on basis of 1935-39 dollars, the purchasing power was $5 3/4 billion. As aforementioned, during the war years farmers' income rose sharply, and they had a greater purchasing power, but gradually as their gross increased it cost them more and more for production expenses. In 1953, their realized gross income was $35 billion contrasted with $13 3/4 billion in 1941. The realized net income in 1953 was $12 1/2 billion contrasted with $6 billion in 1941, but the purchasing power in 1935-39 dollars in 1953 was $5 3/4 billion, which was the same in 1941. In other words, agricultural products would buy no more goods with $35 billion gross income in 1953 than they would buy with $13 3/4 billion in 1941.

Per capita cost of food runs about one-fourth of the disposable income although it may vary a small percent more or less from year to year. That is why we believe that no matter at what prices agricultural products are set by farm support programs or left to seek their own level in free markets, the farmers' purchasing power will adjust itself to the general economic level even though for short periods farmers will not be as well off as those in other occupations, but then again at other times they will have more prosperity than others. We have written this from point of view of agriculture, but we believe that people in other lines of business could write about the hills and valleys in a chart line of their business progress and come to the same conclusion that we have about agriculture.

There is still no moisture in the Southwest and none is forecast. However, temperatures are expected to fall overnight. This will not hurt the wheat because practically nothing is jointed. The cold weather will stave off further deterioration of the crop, and lengthen the time for hope of recovery if we should get rains. We had a very discouraging report from Texas yesterday stating that probably 1/3 of the 4 3/4 million sown acres can be abandoned at this date, another 1/3 being in critical condition, and the remaining acreage will need at least normal rainfall very soon to produce satisfactory yields.

The outlook for the 1954 Texas crop last Dec was 52 million bu. The sown acreage for the current crop is 13% smaller than last year, and in Okla, the acreage is 19% less than in 1953. In Kansas, where conditions are poor in the west, the acreage is 18% under a year ago. The Kan. estimate last Dec. was 176 million bu vs 144 million harvested in 1953, and 307 million in 1952. It should be expected that these three states will have a smaller crop outlook when the government report as of April 1st is issued on April 9th.

We believe conditions have been well maintained in the eastern part of the country during the winter months, but they also had a smaller sown acreage as reported last December. Ohio and Illinois were both down 24%, Indiana down 23%, and Michigan down 30% from the 1953 sown acreage. All states east of the Mississippi River were estimated last December at 183 million bu, which compared with the 1953 harvest of 297 million bu, and 244 million bu the year before.

Loans and purchase agreements were taken on about 90 million bu wheat this year in states east of the Mississippi River. Inasmuch as the spokesman for the Department of Agriculture at the recent Omaha storage meeting acknowledged that it is the responsibility of the CCC to find storage space for grain it actually acquires, it seems logical that producers in the red wheat area will be able to get the loan on the 1954 crop if they so desire. The government has asked for offers on 100 million bu of grain storage bins, which they first contemplate using in the western wheat belt, and from Kansas north to the Dakotas, and later in other areas including Illinois, Indiana, Michigan and Ohio. These bins, together with farm storage resealing, mothball fleet additions, and new permanent construction of elevators, and possibly even further purchase of bins by the CCC seem likely to solve the burdensome storage problem for the coming crop.

UHLMANN GRAIN CO.

[illegible] April 5, 1954

The impact of farm support of inflation is [illegible] good [illegible]. They [illegible] are not lost to the [illegible] they have not been realized [illegible]

[illegible] level of industry, probably partly because of price controls. [illegible] previous phases of our economy will always adjust themselves to the [illegible] of our economy [illegible]. The price level of agricultural products does not determine the welfare of [illegible]. For instance, in 1947, realized gross farm income was $30 [illegible] billion [illegible] parity products [illegible] realized net income for agriculture [illegible] billion. At the same time, on basis of 1935-39 dollars, the purchasing power was [illegible] 3/4 billion. [illegible] stated, [illegible] the war years farmers' income rose sharply, and [illegible] purchasing power, but gradually [illegible] gross income [illegible] more and more for production expenses.

$[illegible] billion contrasted with [illegible] 3/4 billion in [illegible]

[illegible] in 1953 [illegible] 1935-39 dollars in 1953 were [illegible] billion, which was the same in [illegible] words, agricultural producers would have no more [illegible] in 1953 than they would buy with $3 [illegible] billion in 1940.

[illegible] percentage of producers [illegible] of the dip [illegible] Although they [illegible] small [illegible] from a year ago [illegible] we believe that [illegible] cost [illegible] power will adjust back to [illegible] level [illegible] will not be as [illegible] in other occupations, [illegible] they will have more prosperity [illegible] of agriculture [illegible] good [illegible] the hills and valley [illegible]

There is still [illegible] moisture in the [illegible] temperatures are expected to fall [illegible] generally [illegible] The cold weather will [illegible] the crop, and [illegible] there is time for more [illegible] reports from Texas [illegible] stating that [illegible] million acres can be [illegible] and the remaining acreage will need at least normal rain [illegible] satisfactory yields.

The outlook for the 1954 Texas crop last fall was [illegible] million [illegible] for the current crop is 12% smaller than last year, [illegible] is 30% less than in 1953. In Kansas, [illegible] 15% under a year ago. The Kansas [illegible] million harvested in 1953, and [illegible] million in 1952. It should be expected that [illegible] states will have a smaller crop outlook when the government report [illegible] is released April 9th.

[illegible] conditions have been [illegible] in the eastern part of the [illegible] during the winter months, [illegible] they also [illegible] smaller [illegible] last December. Ohio and Illinois were both down [illegible], Indiana down 22%, and [illegible] down 40% from the 1953 sown acreage. All states east of the Mississippi [illegible] were estimated last December at 135 million bu, which compared with the 1953 [illegible] of 261 million bu, and 296 million the year before.

Loans and purchase agreements were taken on about 90 million bu wheat [illegible] of the Mississippi River. Inasmuch as the [illegible] at the recent [illegible] meeting [illegible] CCC to find storage space for grain [illegible] squeeze, [illegible] wheat producers in the [illegible] will be able to [illegible] The government [illegible] 140 million [illegible] which they [illegible] in the western wheat [illegible] other areas including [illegible]

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 5, 1954.

Secretary Benson spoke last Saturday afternoon before a group of farmers at Logan, Utah, which is his home state, and he reaffirmed his goal and that of the Republican Party to try to get full parity in the marketplace, but emphasized that if this goal is to be approached under existing conditions, we must have greater flexibility in our farm programs. He said that there were several things that the Department of Agriculture was trying to accomplish, including increased consumption domestically, and a larger outlet abroad. To accomplish the latter they are seeking authority to dispose of $1 billion worth of surpluses over three years to help carry out the objectives of the American Foreign Policy. However, at the top of his list he stated that what was needed first and foremost was greater flexibility, and in his words: "This would be achieved through adoption of flexible price supports and a modernized parity formula applicable to all commodities. These flexible supports will help bring about shifts to keep production more in line with consumer needs. Flexible supports will result in greater price equality. They encourage sound farm management practices and promote a prosperous, sound and free agriculture." Despite this we note that Rep. Hope clings to the idea that both House and Senate will agree on an agricultural bill of some kind, and he emphasizes rigid supports at 90% of parity on basic crops for the next year or two, in spite of any arguments to the contrary which may be advanced by the administration.

It had been rather dry again over the week-end insofar as the western sections of the Southwest were concerned. Some rain fell in parts of Illinois and Indiana and there was moisture in Missouri. It looks as though there may be precipitation in eastern sections of Nebraska and possibly eastern sections of Kansas, but the critical areas of the Southwest which have been dry for such a long period will probably not receive any relief during the next thirty-six hours. Even the thirty-day outlook, if it can be depended upon, is not optimistic for much in the way of moisture during the next month. This, of course, is disappointing because even with the large accumulated surpluses farmers depend more or less on current crops. They have cut their wheat acreage about 17% and chances are that when the government report is issued on Friday it will show some deterioration in winter wheat since the preliminary figures were issued last December. At that time it was hoped that a yield of about 750 million bu might be expected, which would compare with 797 million bu, the average in the years 1942-51, and a winter wheat crop of over a billion bu in 1952, and a crop of 877 million bu in 1953. We can probably count on a fairly good soft winter wheat crop as conditions have beenquite well maintained in the states of Illinois, Indiana, Ohio, Pennsylvania, and Michigan where the combined outlook in December had been for a crop of 143 million bu. However, the phenomenal crop of 1953 gave us a yield for those five states of 237 million bu. Despite the very dry situation which has prevailed some of the reports coming from Oklahoma and Kansas are not too pessimistic, and we hear in some instances where there has been a very good and vigorous root structure, and that the crop is apparently standing a good deal of punishment, so that if rains did fall soon there could be some recovery.

Primary receipts of wheat today totaled 1,285,000 bu vs. 1,189,000 bu last week and 2,535,000 bu last year. When the visible was posted wheat showed an increase of 232,000 bu for a total of about 277 million bu, or approximately 81 1/2 million bu larger than a year ago. Chicago stocks of wheat showed a rather small decrease, only 79,000 bu, although wheat afloat decreased 66,000 bu, leaving a total of 10,216,000 bu. Corn stocks in Chicago decreased 98,000 bu, while beans decreased 29,000 bu leaving a balance of 4,632,000 bu.

According to The Southwestern Miller, flour business over the week-end was poor, marking the continuation of an extremely sluggish pace of buying that has been experienced for some time. Export flour business is inactive. Winnipeg confirmed the sale of 6 million bu of Canadian wheat to Germany to be shipped from St. Lawrence ports. Nothing so far has developed in exports from the U. S. to Germany. According to the USDA, trade reports indicate that many large soybean crushers have closed some of their plants or curtailed production in others. While bean stocks at mills have increased 2 1/2 million bu during the past month supplies of beans on March 1st remaining for export, crushing, and carryover are approximately 39 million bu smaller than a year ago.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 6, 1954

The Foreign Trade Minister of the Argentine announced today that a barter agreement had been reached between Japan and Argentina. Under the terms of the arrangement a deal has been concluded whereby about $16 1/2 million worth of Argentine wheat and wool will be traded for 50,000 tons of rail from Japan. There is nothing particularly new in these barter schemes, and in fact, they have been going on for some time. We in this country have been using the Military Aid Program to solve the surplus wheat problem in a rather ingenious way. For example, sometime ago we made a deal for about $20 million worth of wheat that was sold to Spain, that country paying us in pesetas. At almost the same period the US government offered Japan 400,000 tons wheat and 100,000 tons barley for payment in yen, and we believe that this deal may go through before long. The interesting feature in these transactions, according to Broomhall, is, first, that payment is to be made in the currency of the importing country concerned, and second, that the proceeds are to be made available to the U.S. military authorities for the establishment of air and naval bases, or in the case of Japan to help in creating a new Japanese Army.

We have no assurance that other exporting countries may not finally use similar means, and that possibly future business may be handled on an expanding scale. As the British authority points out the countries which are most important to the U.S. in a military sense are also the world's largest importers of wheat. He believes that while the idea is not intended to disturb the ordinary flow of commerce, there will, nevertheless, be interference with the normal orientation of trade, and calls attention to the fact that these terms are deliberately made as a means of reducing the American wheat surplus.

Meanwhile at home there are still many Senators and Congressmen from our agricultural states who are seeking to continue 90% of parity loans on basic commodities. As Secretary Benson points out, where grain is actually sold on the market, farmers in most cases are getting considerably less; therefore, such action is deceptive and only tends to perpetuate surpluses. Recent experience is that 90% supports of wheat return only about 83% to the farmer; 90% on corn yields only about 79%. Mr. Benson feels definitely that farm incomes depend far more on general economic conditions than on the level of price supports.

There was some nice moisture overnight in Illinois, Indiana, Missouri, parts of Iowa, and the outlook both for the next twenty-four hours and in the five-day forecast is for some rain in eastern sections of Nebraska, Kansas, and Oklahoma. Nothing is forecast for the Texas Panhandle, nor will the western sections of the Southwest that had been dry for a prolonged period be benefited. Thus, the situation is still critical over a large part of the country, but yet wheat opened lower this morning, and the carryover feeling from yesterday was somewhat bearish.

Primary receipts of wheat amounted to 1 million bu, this was about the same as last year, and slightly more than last week. Kansas City and Minneapolis stocks so far this week show a net increase of 100,000 bu. We find that there is still 7 1/2 million bu of contract wheat in Chicago, of which more than 5 million bu represents #2 red wheat. Thus, Chicago is in a different position from outside markets, and the loan is not having the same influence here.

There was considerable liquidation early in the day, and milling demand was about the slowest of the season. After the urgent selling was over the market improved fractionally, but the spread between May and July and between May and other new-crop futures narrowed, indicating that it would take a better demand to bring about much improvement. According to trade reports, Germany is planning to buy about 100,000 tons of wheat here during the next few months, but whether any of it will comprise soft wheat is difficult to say. Some of the orders may be placed before Easter, but no definite date for purchase has yet been set.

Our own view of the market is that with a smaller crop than last year and more storage space that there may be some improvement in the market, or at least that conservative purchases on breaks may be made.

There was no particular feature to corn, although prices were somewhat lower, despite small receipts and little country pressure. The adjustment in beans between supply and demand is close, and despite economies old-crop futures seem to have some merit.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

April 7, 1954

When parity is computed each month the government correlates a bushel of wheat or a bushel of corn against the various commodities that farmers purchase rather than to assess the amount of production that comes from an acre of land in relation to the basic period. This seems like a very antiquated method when it is considered that since the prewar period (1935-39) the physical output of farms has increased about 40% in the face of a reduction of 17% in man-hours required on the farm. This spectacular achievement has been accomplished primarily by utilization of power and machinery, expanded use of commercial fertilizers, hybrid seeds, insecticides, etc., but nevertheless it is all a part of the agricultural picture. The whole farm program has become very controversial and to place the farming industry on a sound basis will not be an easy task, but at least we have the advantage of knowing that agriculture is in a much stronger position now to make adjustments than it was in the 20's or in the 30's. Total farm assets have increased from $54 billion in 1940 to $165 billion in 1953. Last year farm mortgage debt was one-fourth less than in 1930, while net income from agriculture was three times as great. Certainly when the present price-support program expires in 1954, we should look for something that is adaptable to the times. As Secretary Benson has stated we cannot guarantee a profit to every farmer any more than we can to every retailer. Moreover, harsh realities must be faced. Nobody is attempting to scrap overnight a twenty-year price-support system. We must avoid unfavorable repercussions to agriculture and to our entire economy, but we believe that Mr. Benson's plan provides sufficient safeguards during the transition period.

Before our market opened there was a news item from Washington telling of a government selling program for corn with supplies to be liquidated from the 1948-49 crops at reduced prices. The aim apparently was to dispose of the corn before it deteriorated. The grain is to be sold at local market prices but at not less than 20¢ a bu below the 1953 price-support rate for #3 yellow corn. Officials said that this would provide storage space for newer crop corn which may be turned over to the government under the price-support operations. As we analyze this move, it will mean sales at prices approximately equal to yesterday's spot market in Chicago. While it may be regarded as a temporarily bearish situation, it may well be that tremendous quantities from this year's crop will be driven into the loan, and meanwhile, we believe that country buyers and terminal users will absorb the corn which the government sells, and eventually we might still have higher markets.

The technical position of wheat was corrected after yesterday's liquidation, and while there was some moisture over the corn belt, the dry areas of the Southwest are still unrelieved, and in fact, dust and winds were reported. The outlook is not at all good at this time for many sections of the country. At Topeka, Kansas, for example, there was a strong northwest wind, with considerable dust in the air, but farther west the land is much drier than it is in the eastern and central parts of the State.

Germany is expected to buy 100,000 tons U. S. wheat, which will probably comprise gulf winters but possibly also some red wheat via the Atlantic for April, May, and June clearance. These purchases are apt to take place within the next ten days. There was also a little export flour business, but generally speaking, it was again extremely light.

Primary receipts of wheat were smaller and amounted to only 593,000 bu; this compared with 544,000 bu last week, and 332,000 bu last year. Kansas City and Minneapolis stocks increased 181,000 bu so far this week.

During the forepart of the session wheat futures were quite strong, and some buying on pessimistic news from the Southwest. The Weekly Corn and Wheat Weather Bulletin stressed the serious dryness which had caused some additional deterioration and generally retarded the development of winter wheat in the middle and southern portions of the Western Great Plains. There has been no substantial precipitation now for about 16 weeks. However, cool weather during most of the past week (however, it has been warmer the past few days)and light winds helped to conserve the scant moisture in that area, although there were a few reports of local wind erosian. There was selling of a general character in corn, and also a good amount of liquidation in beans. This finally had its influence on the wheat market, and best prices for the leading cereal were not maintained. Flour demand is still exceedingly slow.

Formosa is expected to buy 22,000 tons of soybeans next week, according to

trade reports, but this apparently had very little influence.

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CHICAGO, 4 April 8, 1954

Secretary Benson, in a recent speech, stated that the Department of Agriculture had been hearing a lot of talk concerning the so-called merits of the present farm program. In reply he asked: "What is so good about any program under which farm income has declined for five out of the past six years? What is so good about a program that gluts our markets with price-depressing surpluses? What is so good about a program that literally robs a farmer of some of his traditional markets and turns them over to less costly substitutes while government regulation and control of his industry increases?" He concludes: "How can anyone rightfully say that the way out of our problems is to take a bigger dose of the same program that helped create these problems?" As we have pointed out on past occasions, there are about 5 1/2 million farms in this country; 2 million of the highly mechanized units produce 85% of our agricultural output, and receive the bulk of whatever advantage there may be in price supports. The other 3 1/2 million farms, which is more than half the total, produce only 15% of our output, and receive only relatively few extra dollars from price support.

It was announced late yesterday that a program had been arranged by the Department of Agriculture for the sale of about 10 million bu wheat to Spain. The wheat would be made available from government stocks, but the actual transactions would be handled by regular exporters. The wheat is expected to move during the next ninety days. The Spanish importers will pay the re-sale price of wheat in pesetas, and exporters will be paid at the rate of 42.5 pesetas per U.S. dollar. As we described in one of our letters a few days ago, the Spanish currency will be used to defray local costs of military construction. To take care of immediate requirements, our government will ship a million bu wheat, but the importance of the overall transaction is that it will not require the lifting of hedges, nor will it reduce the amount of grain in the commercial supply. It will only reduce the amount of the government hoard, which is still extremely large, and which will become even greater at the end of this month after defaults occur.

When our market opened this morning, wheat was influenced by continued reports of dry weather in the Southwest. There had been a few sprinkles around Dallas and Fort Worth, Texas, but nothing in the west, and it seems very likely that the government report which will be issued after the close of the market tomorrow may show heavy reductions from the 750 million bu winter wheat, according to the December estimate. The serious droughty conditions are still centered over western and extreme southern Texas, western portions of Oklahoma and Kansas, eastern sections of Colorado and New Mexico, and most of central and southwestern Nebraska, where substantial precipitation has not occurred since the first part of December. During these last sixteen weeks total moisture received in this dry area was generally less than one inch or about one-tenth to less than one-half the normal amount.

Farm storage loans on the 1952 crop re-sealed wheat have been extended for an additional period of eleven months to March 31, 1955. Farmers will earn storage of 14¢ in the Northwest and 15¢ in some southwestern states on the quanity of wheat under original re-sealing period ending April 30, 1954. Payment will be made direct to farmers at the time the loan is extended for the second re-seal period.

Primary receipts of wheat were 696,000 bu compared with 765,000 bu last week and 882,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 155,000 bu.

The wheat market was firm right from the start, and with dry weather prevailing and a rather pessimistic outlook it caught the imagination of traders, with a good deal of local buying of May wheat, which increased the premium over new-crop months. After a little hesitancy beans also became very strong, and we believe some of yesterday's sellers covered in today's market. There is not much encouragement from processors, but at the same time the supply and demand situation is very closely adjusted. May oats gained upon the deferred futures, and there is some talk that fair amounts of oats are going to be shipped out of Chicago.

Corn was higher, but yesterday's announcement by the Department still prevented much new buying. We figure from information that comes to us that there is only about 5 million bu of 1948-49 corn in government bins in Illinois, likewise not much left in Indiana; so the Chicago situation may not be greatly influenced. A good deal of old corn is in Iowa, southern Minnesota, southern South Dakota, and Nebraska. It still looks likely that if the old corn is liquidated it will make space and bring more of the 1953 corn under the government program.

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CHICAGO, 4 April 9, 1954.

The main deterent to our agricultural problem is the lack of export business and the fact that shipments have dropped off materially from the post-war period. For example, for the year ended June 30, 1946 we sent to foreign countries 40% of our wheat, 35% of our rice, 30% of our cheese, and 6% of our meat. During the same period we enjoyed a high volume of consumption domestically, and the demand for food was stimulated to a great extent during and even after the war period, as there was heavy per capita consumption, particularly by the military forces. Furthermore civil consumption expenditures for food were abnormally high for quite a period in view of the unavailability of many types of durable goods. However, now that we have returned to more normal conditions, agriculture again faces a trying surplus problem. Our government agencies have invested in price support activities more than $6 billion, and recently Congress was forced to raise the ceiling of the CCC borrowing authority from $6 3/4 billion to $8 1/2 billion. Should defaults be heavy in wheat at the end of April, and later on if a good deal of corn falls into the government's hands we shall find that the government will own more commodities than ever before in history. Even the attempt to tie up price supports with acreage allotments has not proved entirely effective as the fewer acres could maintain production at previous high levels through increased use of fertilizer and insecticides, and also farmers, in turn would utilize the most productive land.

This year the situation may be different, and indeed there are some very pessimistic views being expressed with respect to the winter wheat crop, as the drought and high winds have taken a heavy toll and millions of acres may finally be abandoned, or else will return a much smaller yield due to adverse weather. During the past two to four months Nature has not been provident, and later in the day we shall have a government report with estimates being given for winter wheat, which will compare with a forecast of 750 million bu that was made in December. There was no rain overnight, and the immediate outlook is not promising, although some precipitation is promised in the five-day outlook with western sections of Kansas and Oklahoma possibly receiving .10 to .20 inch of rain, with amounts becoming heavier in eastern districts. However, even such moisture would only be of a temporary benefit after the long drought which has prevailed.

May beans opened this morning with a strong note, and new highs for the crop were established, all of which influenced the rest of the market. Even corn prices which had been reasonably weak earlier this week showed a little better response to the buying orders, which were not of a particularly heavy character.

The British government has returned to the private grain trade the handling of cereals, and present government-held stocks are being rapidly liquidated. By the same token, everything is being done to stimulate production of grains at home, and imports probably will be made from other countries wherever possible in order to conserve dollars for other purchases.

Primary receipts of wheat were 774,000 bu compared with 645,000 bu last week, and a little over 1 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 236,000 bu. When the visible supply of wheat is posted on Monday it will compare with an increase last season of 542,000 bu.

Wheat prices were strongest at the opening and shortly thereafter, later on there seemed to be profit-taking, and possibly this was evening up for the weekend, particularly as the government report was being awaited, and sometimes there is a chance of rain even when the forecast is not too promising. Today's government report will also give stocks of various grains held on farms, and this may have had something to do with the great strength in beans. The crop was short and remaining supplies may be small. In any case May and July deliveries sold at a new season's high, and there was some professional buying plus the fact that the market ran into stop-loss buying. Corn was firm early, but best prices did not hold, and some futures closed lower.

There was some improvement in the milling demand, but we did not see much evidence of futures being bought in the pit. The spread between May wheat and the deferred months narrowed further, and demand for red wheat is still quite disappointing. The German wheat buying has been postponed until after Easter.

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CHICAGO, 4

April 12, 1954

After the close of the market on Friday, the government issued the long-awaited report on condition and production of winter wheat. The previous figure of 750 million bu had been given last December, while the new estimate was for a crop of 678 million bu. This was a reduction of 200 million bu from the year before, and should not have proved too surprising to the trade. First of all, farmers were reconciled to the fact that they had to reduce acreage and the 17% cut from the previous season would have accounted for a loss of 149 million bu from the 877 million bu produced the year before. Furthermore, the drought had been a matter of long standing, and in parts of the Southwest there had been no rain for 3 1/2 to 4 months. The result was that tiny particles of southwest real estate had clouded the horizon, and this was practically the number one topic of discussion wherever agricultural matters came up. There had been no forecast for rain over the week-end, and, indeed, the weather men were all blushing this morning because, despite a high barometer, we had atremendous rainfall over western Texas, and as much as 6 inches was reported at some stations, with 100 people made homeless by high water. Rains also extended into Oklahoma, particularly southern and central sections, but western Oklahoma was also benefited to some extent, and two-thirds of the State had welcome moisture. Unfortunately, there was no precipitation in Kansas except around Liberal, which is in the southwestern part of the State.

As we analyze the government figures we find that the five southwestern wheat states, comprising Kansas, Oklahoma, Texas, Nebraska, and Colorado, have a prospect for 313.5 million bu, a cut of 50 million bu from last season. However, the reduction in the soft winter wheat states is even greater, and the phenomenal yields that were experienced a year ago in Pennsylvania, Ohio, Indiana, Illinois, Michigan, and Missouri will not be repeated. The present outlook in those territories is for a crop of 175 million bu compared with 278.2 million bu last year.

Had it not been for the rains, our market would undoubtedly have opened higher. There was a bullish report on beans. Stocks remaining on farms showed only 36.6 million bu beans remaining in the country compared to 59.6 million bu a year ago and average holdings of 41.8 million bu for the last ten years. This cut of 23 million bu in farm stocks is a reflection of the small crop and large exports. It shows the tight statistical position of this cereal, which means that great economies must be practiced.

In wheat, we also had some other interesting data. Redemptions under the loan program had amounted to 85 1/4 million bu, which was far greater than had been anticipated. The net amount of wheat still under loan is 467 million bu. Together with government inventory of 426 million bu, there is a total stock of 893 million bu in government hands. When this is compared with a likely carry-over of 850 million bu next July, it discloses a rather tight fit except that redemptions must be taking place right along; furthermore, defaults on April 30th may not be quite as large as had been earlier anticipated. In any case the weakness in May wheat is better understood now, and we note that in the German business soon to come, there is little likelihood that any soft wheat will be purchased.

When the visible supply of wheat was posted there was a decrease of 331,000 bu, and total stocks in all positions are 276 3/4 million bu, or 80 3/4 million bu larger than at this time last year. The corn visible showed a decrease of 2.1 million bu; total stocks of 27 1/4 million bu are 5 1/4 million less than a year ago. Oats decreased 1.8 million bu, and a total of 5.8 million in various markets is only about half as large as in 1953. Beans decreased 349,000 bu, leaving 10.6 million bu in all positions against 7.3 million last year. Here in Chicago there was only a small decrease in wheat supplies, and there is still more than 10 million bu in this market. There was a small increase in corn stocks, but oats declined 366,000 bu.

Markets were nervous today. There was some small flour business over the week-end, but most attention was paid to the rains, even though they were confined to a relatively small area. The bean market was extremely strong, with new highs established today on the crop. A few reactions took place, but there was buying on all setbacks. Corn was influenced by receipts of 214 cars in Chicago, with more than half comprising government holdings. Nevertheless, corn prices recovered from the early break, but the close was somewhat lower. The spread between May and July wheat showed an even price relationship at many times, and there was some spreading for both commercial and for speculative account, but trade on the whole was only moderate. Lard prices were sharply higher.

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CHICAGO, 4

April 13, 1954

On Friday last, the Commodity News Service gave a figure of 85 1/4 million bu for the amount of wheat that had been redeemed as of March 15th. We believe that in compiling their data they failed to take into account 63 million bu wheat which had been placed under purchase agreement, and, therefore, came to an erroneous conclusion. We now have official figures from the Department of Agriculture showing that only 22 million wheat has come out of the loan, and on that basis there is a total of 530 million bu wheat under loan and purchase agreement, plus an uncommitted inventory of 426 million bu; in other words, a total of 956 million bu that has been temporarily, at least, taken out of commercial channels. In addition to this 6 million bu wheat has been re-sealed from the 1952 crop, so that actually there is 962 million bu in a more or less sterile account. This compares with an incorrect figure which we mentioned yesterday of only 893 million bu, so that we are anxious to set forth the proper information to the trade.

In looking over the corn situation we find that after taking into account the small redemptions of 1.3 million bu, there is actually in the loan, including farm-stored and in warehouses, a total of 312.2 million bu. There is 18.2 million bu in purchase agreements, or a total of 330.4 million bu. To this figure must be added government's inventory of 429 million bu. We must also allow for 36 million bu that had been re-sealed from the 1952 crop, and another figure of 91 million bu, which for the time being is a bookkeeping entry but which is carried in the category of a somewhat unknown disclosure, and which may be added later to the inventory figure. Taking these various items together we find that there is about 886 million bu corn that has been removed from commercial channels. Of course, that figure may be reduced later if the government sells any quantities of its supplies from the 1948-49 crops, or from later years, in the event deterioration takes place. Likewise there is always the chance of redemptions occurring, but for the time being at least there is practically as much under government control as is likely to be carried over at end of the crop season. This may be the reason for a tight cash situation with high premiums prevailing for cash corn over the futures market.

Additional rains had been reported over parts of Texas and Oklahoma. There was hardly any relief in Kansas or Nebraska, and even the five-day forecast is not particularly hopeful. On the other hand, frequent periods of showers are likely for western Texas, and there may be a fair amount of precipitation in that State together with additional moisture for Oklahoma. Just to what extent wheat can be revived in those areas is difficult to say, but our market after hesitating for a few moments firmed up; also beans, which had been indifferent at the start, went into new high ground for the season on moderate buying, with lack of pressure evident.

There is still the German wheat buying in the offing. It remains to be seen whether red wheat will be included in this business, but some people are of the opinion that even if Germany does take some soft wheat it will not necessitate any shipments from Chicago.

The Peavey crop report indicated light precipitation in the form of scattered showers during the past week over their territory in the northwest. Generally speaking, surface moisture is fair to good, but there is still a distinct shortage of subsoil moisture. With fair weather field work should be general in all sections by end of the week.

Primary receipts of wheat amounted to 790,000 bu compared to one million bu last week, and 1,688,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 35,000 bu.

Markets were rather quiet today in comparison with the sessions earlier in the week. Broomhall's Foreign Crop Summary stated that European weather was favorable, and while there were no serious complaints there was a little apprehension over cold nights and frosts. Recent rains in Argentina have improved soil for wheat planting, while corn harvest is progressing with yields running from 19 to 38 bu per acre in the earlier districts. The acreage planted was about the same as last year.

Our wheat market seemed to get a little support on setbacks, and the fact that redemptions have been so small probably created a somewhat better sentiment. Corn also did better, and Chicago receipts were light. The figures on impoundings are rather impressive. The bean market was more quiet, and not the same spirited buying, although some support on setbacks. The stock of oats in Chicago is not big, and as we mentioned earlier, there may be another million bu that will be shipped from here. This is creating strength, particularly in the May delivery.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 14, 1954.

Secretary Benson still maintains that if Congress proposes to continue the 90% rigid price supports for basic commodities for one or two years, the President will probably veto such a measure. The Agriculture Department insists that, "restricted production is not the road to prosperity over the long pull. As we have learned through the years, a dynamic economy requires increased production and increased consumption. This is the way to more enjoyment of the better things of life by more people -- the way to maintain a high level of living. This is as true in farming as in manufacturing. To be prosperous the farmer must produce. The new farm program is geared to just such a philosophy. It is aimed at eliminating as soon as possible government restrictions on farm production. Acreage and marketing controls are at best temporary expedients -- price alone is not the sign of prosperity.. We dare not follow the scarcity and high price theory. Farm income is the product of price times volume -- dollars times bushels, pounds, or tons. Basic management principles must not be violated if farm and national prosperity are to be maintained. A big farm output is necessary for the most profitable farming. Restricted volume usually cuts farm profits."

The world potential market for food grains is almost inexhaustible. Populations not only in this country, but elsewhere, seem to be multiplying year by year and there is ever a demand for higher living standards, requiring greater farm consumption. We are convinced, as many others are, that if the futures market at Winnipeg were re-established, a better job would be done in selling surplus grain to importing countries. If more realistic prices prevailed great exporting countries of the world would no longer pile up huge quantities of grain year after year, stockpiling it on a grand scale, which always increases the risk of quality deterioration and financial loss through storage charges. Furthermore, it would not deny the world the opportunity of a higher standard of life. As a British authority points out, from an economic and ethical standpoint, a more sensible marketing procedure through efficient futures trading would be welcomed by millions of people the world over.

At the present time it looks as though our country would have a carry-over stock of wheat at the close of the current cereal year of 850 million bu, Canada should have 500 million bu or more, Australia 90 million, France 40 million. All of these figures are more or less record reserves during peacetime.

A showery condition has developed in the Southwest. The official forecast suggests moisture for Texas and Oklahoma, and possibly northwestern Kansas. Our own weather man believes that while it is difficult to foretell accurately from the map how much precipitation will fall, it might be a little more general, although he is rather indefinite.

Primary receipts of wheat today amounted to 547,000 bu compared with 593,000 bu last week, and 580,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 33,000 bu.

Markets were again on the quiet side. Crop reports from the Southwest were not too good for some of the states which had not been favored with rains recently. For example, in Kansas, warm weather had been favorable for crop growth, but the moisture situation has become more critical over the entire State. Limited additional damage from soil drifting occurred in western counties, and wheat is showing further deterioration from dry conditions. On the other hand, there were some reports of rain -- Coffeyville, Kansas, which is in the southeastern part of the State, claimed it was raining hard, Herington, Kansas, stated that thunder and lightening were being experienced, and just before the close they told of heavy rain-- in fact a real cloud burst. That place is more centrally located.

The market showed a little firmness for May wheat as compared to the July, and much will depend now on the amount of deliveries when tenders are made next month. There has been some business in new-crop soybeans; in fact, export sales while not large, have contributed somewhat to the higher market for the deferred futures, but the May and July futures were somewhat indifferent. We also heard that some Illinois grain dealers have already established a market for 1954 crop soybeans, and it is believed by one prominent economist prices may be higher at harvest time. By the same token it provides more storage for red wheat after the next harvest.

Corn was reasonably strong at one time, and on the advance fairly good purchases were made on a to-arrive basis. We believe that all told about 280,000 bu was involved. Best prices did not hold, and there was some profit-taking, although pressure was not particularly heavy.

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CHICAGO, 4

April 15, 1954.

Trade was somewhat impressed by the late weakness in wheat yesterday, and the fact that the market had faded on comparatively small selling. It was feared that with the showery condition existing in the Southwest, there might be a fair amount of moisture in Kansas overnight, but actually rains were rather spotted and in most sections light. We had reports of one-third inch falling in southeastern Kansas around the Coffeyville district, also about the same amount of precipitation at Dodge City, but generally speaking, conditions over the state have not been much improved. There was pretty fair moisture in Oklahoma, particularly central and eastern sections of the state, and the forecast suggests that further rains will be received in those areas, possibly extending into western Texas. Cooler temperatures should also prevail. The corn belt had pretty heavy rainfall over most sections, but elsewhere it was generally fair except for a few light showers in the Northwest.

The business with Germany finally was placed and about 1.7 million bu soft wheat had been sold overnight, but we understand that the price at the seaboard was considerably under a Chicago replacement basis. Spain also took 60,000 tons #2 red wheat and 20,000 tons #2 soft white wheat, but all of the Spanish business will probably come out of government stocks; therefore, should not be much of a market factor except that, insofar as space is made available, it will enable farmers next season to put more of their grain under loan. Germany also took 8 cargoes Manitobas and 1 1/2 cargoes Canadian Durum wheat. Formosa purchased half a cargo of soybeans.

When our market opened this morning, prices were barely steady for wheat, but beans had a better undertone and old-crop futures of soybeans again went into new high ground.

In looking over our exports we find that nearly 4 million bu wheat and flour cleared during the past week, and since the 1st of July we have shipped 151 million bu, which compares with 275 million bu last year. Five of the principal exporting countries have shipped 444 million bu vs 569 million bu last season. This also indicates the smaller quantities that have been taken by European and Asiatic customers. Our shipments of corn during the pastweek were 1.8 million bu, and since 1st of October we have cleared 52 1/2 million bu compared with 83 3/4 million bu last year. From this point onward there will probably be more competition from the Argentine and the outlook for exports is not particularly good. Soybean shipments since October 1st, according to Broomhall, are nearly 30 million bu compared with 22 million a year ago.

The Chicago corn-hog ratio for the week ended April 10th was 17.6 compared with 17.2 a week ago, and 13.7 a year ago. Hogs have been selling at the best prices of the season, which, of course, has not made a favorable ratio possible.

Winnipeg advises that the opening of navigation is expected for Monday and will bring a little greater activity. Since they still have a tremendous amount of old wheat left on hand, we can probably expect considerable competition from that source.

Primary receipts of wheat were 686,000 bu, which was practically the same as last week and compared with 1,186,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 22,000 bu. When the visible supply of wheat is posted on Monday it will compare with a shrinkage last season of 843,000 bu.

There was a good trade in wheat, and apparently some hedges were covered in May, while scattered selling occurred in the deferred futures, centering largely in July. There was really no news to account for the bearish feeling in the deferred futures; actually it was dusty around Wichita, with high winds reported, and the prospect for moisture over the week-end is not at all definite. The milling demand was extremely dull, and according to The Southwestern Miller, bookings are at the season's low rate on springs, but this is due to the fact that most users are well contracted ahead.

There were reports of some scheduled meetings in various parts of the state by CCC officials, but whether this is merely to acquaint the trade with programs is difficult to say.

Corn prices held reasonably well considering the break in wheat, while beans were very strong, and there was hardly any opposition except possibly profit-taking on advances.

UHLMANN GRAIN CO.

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CHICAGO, 4

April 19, 1954

There was very little rain over the Easter holiday. There seems to be some chance of showers in the northeastern part of Kansas, also southern Nebraska, and precipitation may even extend to eastern Texas. It seems that on Thursday there was considerable evening-up and a good many local traders sold out their commitments on the possibility that there might be some surprise moisture over the extended week-end. However, there was no relief to speak of, although there was some very light rain in parts of Nebraska, while Salina, Kansas had .07 inch rain last night, but generally speaking, it was windy and in some localities the appearance of dust was again reported. The thirty-day weather outlook, which extends from mid-April to mid-May calls for subnormal precipitation over most areas west of the Continental Divide, but above normal rainfall is indicated over a broad area comprising the gulf states, Mississippi and Ohio Valleys, and the mid-Atlantic states. Near normal precipitation is expected in other areas.

We hear from Washington that there is a better possibility for the administration to receive help on flexible supports. The chance for a veto in the event that the rigid 90% supports are recommended seems to be the crux of the issue. It is doubtful that the Senate would override such a veto, and thus the sliding scale provisions for basic commodities may go into effect in 1955.

It is to be hoped that the farm problem will be faced with realism. Our farms and our forest lands provide about two-thirds of the raw materials that enter into our manufacturing and processing industries. Furthermore, these products furnish almost all of the food for domestic consumption. Agricultural products constitute around 30% of our total exports and 45% of our imports. Moreover, in time of war American agriculture becomes the granary of the free world.

Meanwhile, there is a good deal of talk of surpluses piling up, and we hear that contracts have been awarded for the purchase of more grain storage structures by the CCC to house an additional 100 million bu grain. Secretary Benson pointed out that CCC will own a very large percentage of the carryover stocks of major commodities, and that the government, therefore, must be in a position to house these stocks promptly and efficiently. Chances are that the bulk of this new storage will be used primarily for the housing of small grains mostly in the states of Kansas, Colorado, North and South Dakota, and Montana. Later on, the storage of corn may create problems in the Illinois, Iowa, and Minnesota areas. CCC now owns structures with a capacity of over 635 million bu, so that by the time the new facilities are in operation, it will bring the total of these bin-type emergency elevators to about 735 million bu. The average price for the new structures will be about 15¢ per bu.

We had a report this morning that 413,000 bu rye had cleared Fort William, Canada, and this grain was shipped to South Chicago on April 16th and 17th. No oat shipments for any destination have been announced up to this time.

The visible supply of wheat showed an increase of nearly 1 million bu. Total stocks are 277.6 million, or 82 1/2 million more than last year. The corn visible decreased 3 1/4 million bu. Total stocks are 24 million bu, or 5 1/2 million less than last season. Oat stocks decreased 1 1/2 million bu. There is only 4.3 million bu in all markets compared with 10.8 million bu last season. Beans decreased 351,000 bu, leaving 10.3 million bu in the various markets compared with about 7 million bu last year. Here in Chicago there was practically no change in the stocks of wheat. Corn showed a small decrease but oats declined 1/2 million bu, leaving less than 1 1/2 million bu here. There was a decline of only 30,000 bu in the Chicago bean stocks.

Markets were all firm but we doubt whether the Indo China situation had much to do with today's advance, although the fear of war always creates a buying psychology. The milling demand was very slow and hardly any business reported over the holiday. It is thought that Greece may buy 1 1/2 million bu hard wheat on April 29th. As corn advanced there were heavier offerings from the country and bookings for Chicago were said to be fairly substantial. Corn ran into considerable stop-loss buying, especially the September and December futures.

Beans went into new high ground and the great strength in old-crop futures naturally influenced the deferred months also. Since a week ago today, May beans have gone up about 25¢ a bu, which is certainly a phenomenal rise. Old crop futures closed up the full permissible limit. Meal and lard were also very strong.

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CHICAGO, 4

April 20, 1954

Secretary of State Dulles said it was unlikely that American troops would be sent into Indo China. He was in Georgia visiting with the President but neither party was willing to speculate whether our country would make a move as a last resort, in the event France might remove troops from that sector. This was all the result of Vice President Nixon's statement last Friday that the U. S. might have to send troops into Indo China if all other measures failed to prevent Communist expansion in Southeastern Asia.

With less warlike feeling in most quarters, our market opened considerably lower, particularly beans, which had been so strong the day before. There was nothing in the other news to account for today's action, although some moisture seems to be building up in the Southwest, but it may not come until Thursday, Scattered showers are likely for Kansas and Nebraska, but nothing much is expected in Texas and Oklahoma. There was very little moisture in the Southwest overnight but snow and some rain were reported in our Northwest and the spring wheat areas are likely to get further precipitation. We also had some nice showers over the corn belt. The rain that occurred in eastern Nebraska also moved into Iowa, Illinois, Indiana, and Missouri. With the possibility for some improvement in the outlook, there was early selling of July wheat, but there seemed to be almost as much profit-taking in the nearby future. Liquidation took place in virtually all pits. Before the soybean market opened meal and oil became weak on professional selling.

The only offset in wheat was the covering of hedges as a result of a considerable improvement in the flour demand. Sales, according to the Southwester Miller, reached the largest total in some days. Part of this buying had taken place yesterday. Egypt is expected to come into the U. S. market for 1 or 2 cargoes flour, possibly taking 20,000 tons. Buying was originally scheduled for April 20th but formal request for offers has not yet been made.

The trade still has in mind that when huge accumulations are built up due to government programs, there may be a day of reckoning. At the present time the administration is working on a plan to reduce the government supplies of butter, and while the plan is still in the formative stage and faces many obstacles, it is the hope that consumers may be able to buy supplies for as little as 45¢ a pound, and thus consumption may increase by 25%. The plan is involved and may not finally go through but we have seen in corn that the stocks from the 1948-49 crops have become a burden and will have to be liquidated in order to prevent deterioration. Someday there may be similar action in wheat unless we get crop failures or are able to find broader markets for export. We are not implying in any way that the selling of wheat from government stocks is imminent, and in fact, there seems no disposition at the moment to reduce supplies except through exporting channels, and even recent business like that to Spain is on a very moderate scale.

Primary receipts of wheat today totaled 1,227,000 bu vs 790,000 bu a week ago and 1,160,000 bu on the comparable day of last year. So far this week, Minneapolis and Kansas City stocks of wheat show a net increase of 13,000 bu.

Flour business showed some improvement, particularly in the spring wheat areas. This undoubtedly accounted for some lifting of hedges in Chicago and May wheat showed relative strength, plus the fact that premiums were higher yesterday in other markets, and a small quantity of red wheat was sold in store in Chicago at 1¢ over. However, from what we hear it was a small quantity of red wheat sold to a mill. This seemed to have caught the imagination of some local traders, who bought May wheat and sold July, widening the spread materially,

Beans showed a wide fluctuation and after a sell-off around the opening, there was some local buying of beans, which ran the market into stop-loss orders, and this found the market rather bare of offerings. All old-crop months touched new high ground during the session, but market did not hold.

The government weekly weather report states that recent rains were too light to materially relieve the moisture deficiency in west central and northwestern Oklahoma, central, and especially western Kansas, also southwestern Nebraska and southeastern Colorado, where wheat still shows some additional deterioration. However, elsewhere in these four states the crop is mostly in a fair to good condition and generally showing some improvement.

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CHICAGO, 4

April 21, 1954

Mr. Morse, President of the CCC, stated in Washington yesterday that we have learned through the years that a dynamic economy requires increased production and increased consumption. Agriculture, he said, must produce. The narrow view is to consider only the 16% of the population now living on farms. Such a limited approach would restrict agricultural progress. In his opinion many farmers protest that they will be unable to operate profitably under acreage restrictions that have been announced, and further pointed out that there still may be over 20 million acres that will go out of the three important crops of wheat, cotton, and corn. The shock on business and on the total economy may be serious. It was also brought out that the cotton carryover doubled last year and at the end of the present crop-year supplies will be sufficient to take care of the nation's needs for a full year. Likewise the wheat carryover on July 1st will equal the domestic needs for a full year. The government at the present time owns over 1.3 million lbs butter, cheese and dried milk, and is having to take more. The government owns enough vegetable oils to make more than a billion lbs of margarine. The cost of storing all the accumulations is about half a million dollars per day.

Before our market opened this morning there had been reports of rather generous rains in parts of the Southwest. More than 1 1/2 inches fell at Norton, Kansas, which is in the northwestern part of the State. There was not much rain in the southwestern section of Kansas but central and eastern areas were relieved, and in the vicinity of Salina they had rains ranging from 3/4 inch to over an inch. Perryton, Texas, reported 1/2 to 3/4 inch 4 miles north of that station, and also nice rains along the Texas-Oklahoma border, with 1/ 2 to 3/4 inch at Beaver, Oklahoma. The forecast is for additional precipitation in parts of Kansas, although it will probably occur mainly in central and eastern sections. The possibility exists for rains also in the Texas Panhandle, according to official comment, although our own weather man is not too sanguine about relief for those sections.

Meanwhile, European weather has been too cool for considerable areas and the development of winter grains has been held up, although there are no indications, according to Broomhall, that any material damage has occurred, but growth seems to be backward in many sections. At the same time spring seeding is making fair progress in some countries. Warmer weather is wanted in France but despite cool temperatures, the wheat crop is promising and it looks as though another large crop might be harvested if weather turns more seasonable. It has been cool in Western Germany, accompanied by frequent rain or snowstorms. In trade circles there is talk that the outturn of grain crops will be around 1 million tons below last season. Abandonment in wheat is claimed to be about 18%, barley 63%, and rye 2%.

The Argentine corn harvest is well advanced and yields are very satisfactory over most sections of the country. Preparations are under way for planting wheat, and some acreage is already in.

We had reports this morning of export business to Yugoslavia; 4 cargoes red wheat were involved, also 2 cargoes of #2 soft white wheat, both for nearby shipment. These clearances will be under G. R. 261 and the wheat will come from government stocks.

Primary receipts of wheat were not large and amounted to 543,000 bu, which was about the same as last week and compared with 628,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 23,000 bu.

Trade in wheat was not particularly heavy. There seemed to be considerable short-covering in the May future, and there is some red wheat being moved out of Chicago. However, the deferred futures were influenced by the rains which occurred and which may fall. We have not heard any change in the situation for red wheat in the cash market here, but even assuming that some further shipments may take place we doubt very much whether the present premium for May is justified.

Corn was firm but there was no particular feature. The U. K. bought 3,000 tons #2 Yellow Corn for nearby shipment. Beans were extremely erratic and both May and July futures sold at a season's high. There were at times periods of reaction but apparently new support came into the market. The deferred futures lagged and were actually lower.

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CHICAGO, 4 April 22, 1954

Secretary Benson in appearing before the Senate Agriculture Committee stated that if the nation continues high rigid price supports our entire farm program would be jeopardized, pointing out that the swelling total of surplus crops in government hands is fast approaching a point where the entire program may collapse of its own weight. In discussing the Department's proposed plan, he stated that he had seen some calculations showing supports of major crops would fall off violently if the program would be put into effect. However, he feels that the new proposals would provide the highest level ever written to any permanent farm legislation. Senator Knowland intimated that the President would veto the pending wool subsidy bill if it comes to the White House with an amendment continuing the present 90% of parity price supports on basic farm crops.

For the period from 1945-49, the U.S. furnished 50% of the wheat, (including flour) exports from the four major exporting countries. Canada furnished 31%, the Argentine 9%, Australia 10%. For the period, July 1953 to March 1954, the U. S. share of export business has been 30%, Canada 42%, Argentina 17%, and Australia 11%. These figures indicate that Canadian export business is being maintained at the expense of the U. S. While Argentina shows a considerable increase it is now regaining the position in the export field that it had maintained for many years prior to 1945.

Total Canadian wheat stocks as of March 31st were approximately 741 million bu, which compares with 606 million the previous year. They also have ample stocks of other grains. As one Canadian authority points out, it cannot be overemphasized that the present surplus of grains in Canada is the result of three years of very bountiful crops and was not brought about by any appreciable increase in acreage as was the case in this country. The Canadian farmer did not receive the stimulus afforded the American farmer under farm programs. It usually follows that bountiful crops are not maintained indefinitely.

The 1953-54 world wheat crop, which has been estimated at slightly over 7,000 million bu, was second only to the previous year's crop, and 17 to 21% above prewar and postwar averages. While the production is slightly lower than 1952 quantities available for export are high, especially in the U. S. and Canada, due in part to the large crops that were harvested in most of the major importing areas, particularly Western Europe.

Moderate to heavy rainfall has occurred over the corn belt area east of the Mississippi, as well as eastern, central, and southern Kansas and portions of Oklahoma, and the present forecast suggests rather general scattered showers and thunderstorms tonight and Friday throughout the entire winter wheat area. During the session further reports of rains were received from Oklahoma. Around the Altus area it averaged 1/4 to 1/2 inch with more showers forecast.

Primary receipts of wheat today totaled 570,000 bu vs 686,000 bu a week ago and 1,278,000 bu on the comparable day of last year. So far this week Minneapolis and Kansas City wheat stocks show a net decrease of 27,000 bu.

According to The Southwestern Miller overnight flour business was extremely light, probably the poorest of any recent day. Family flour handlers seem to be well covered, and this also applies to bakers and jobbers of spring wheat flour, indicating that northwestern flour volume will be slack for some time.

It was reported that Yugoslavia bought 6 cargoes two red wheat under GR-261, and that Holland had bought 5,000 tons new-crop wheat for the last half July shipment.

Wheat lacked support during the session although May futures gained in relative strength compared to July.

210,000 oats cleared Winnipeg for South Chicago and 227,000 bu for Buffalo. There has also been a movement of Canadian rye to Chicago and apparently some of the elevator interests expect to hold rye in in bond until July, when entry is permitted. Therefore, it would appear likely that the entire Canadian quota will be filled very early in the season.

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CHICAGO, 4

April 23, 1954

From a statistical point of view, we see nothing drastically changed in the wheat situation from figures that have been mentioned during the past month. It is beginning to look as though total disappearance in this country for domestic purposes and for export will not exceed 860 million bu. If that is the case it would leave us with a carryover supply on July 1, 1954, of about 875 million bu, which would be far above the record of 631 million bu in 1942. It would also be far greater than the 562 million bu reserve we had on hand last season. From a market point of view the pressure may not be great, as it is likely that the bulk of the carryover will be in government hands. Looking ahead we may raise a somewhat larger winter wheat crop than the 678 million bu that was forecast early this month.

There have been some rather nice rains over parts of the Southwest, and while all sections were not favored, there seems to be a showery condition, and both the daily and the five-day forecast promise some further improvement.

The first estimate of spring wheat production will not be made until June 10th. However, farmers have indicated their intentions to plant, which are almost 20% below the 1948-53 average, but might still yield a crop of about 225 million bu. Total production might be well under the billion-bushel-mark, which is something new, inasmuch as we have raised more than that quantity almost every year since 1944. In some years the production was a good deal larger, as, for example, 1947, when the crop actually totaled 1,359 million bu. If we assume that the combined winter and spring wheat crops are only about 900 million bu, we might hold our own for a year, figuring on domestic consumption of about 700 million bu and likely exports of 200 million bu. We may be a little bit high in our figures for domestic disappearance as it isnow estimated that in the current season only 661 million bu will be used at home, including 490 million bu for food, 100 million bu for feed, and 71 million bu for seed. It is not likely that our total shipments in the 1953-54 season will exceed the 200-million-bu mark, and, of course, competition from other countries has been increasing. During the past week there was only 2 million bu wheat and flour cleared, according to Broomhall, and the total since July 1st is 156 3/4 million bu vs. 278 3/4 million bu a year ago. Our corn exports last week were a little over a million bu, and there, too, we are falling down. Since October 1st less than 54 million bu has left this country compared with 85 million last season.

Not much attention has been given to recent moisture in the Northwest. Temperatures up there have been somewhat under normal but they had rain mixed with snow again overnight in portions of the spring wheat areas.

The Department of Agriculture stated today that consumers' income was still near record levels in the first quarter of this year, despite reduction in industrial production and employment. A small decline in income may occur the rest of this year, but it is not likely to be enough to significantly affect the demand for food.

Primary receipts of wheat today totaled 686,000 bu; a week ago was a holiday, but compared with 886,000 bu on the same day of last year. So far this week, Kansas City and Minneapolis wheat stocks show a net increase of 46,000 bu. When the visible is posted on Monday it will compare with a decrease of 429,000 bu wheat last year.

Flour business is dull with mills doing a small volume, chiefly replacement of exhausted contracts. There was no particular feature in the wheat market except for the relative strength of May wheat as compared to July. New-crop months are under some pressure as there is quite a bit of comment that recent weather has improved the outlook for winter wheat and the Kansas City futures market was influenced by this development.

According to estimates of what the next Census Bureau Report will be, it appears as though stocks of beans in processing plants were about 60 million bu at the end of March. This would be comparatively large as against prospective crushings for the balance of the season. Nevertheless, there seemed to be some buying of beans whenever the market reacted. The close was quite strong.

Corn was rather weak. There was no particular feature but longs are becoming somewhat discouraged because of the action of the market.

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CHICAGO, 4 April 26, 1954.

The Department of Agriculture has issued today its pamphlet dealing with THE WHEAT SITUATION. It calls attention to the fact that the 1954 national acreage seeded to wheat is down about 19% compared with the 1948-53 average. This, of course, reflects the response to the acreage allotment program, It is based on preliminary figures, including farmers' intentions to plant spring wheat, etc., and takes into account that the Pacific Northwest was cut about 23%, showing the largest adjustment while the soft winter wheat region is down only 16% and is the area of smallest reduction.

Coming to the question of carryover it is now believed that reserves on July 1st will be somewhere in the neighborhood of 875 million bu, which would compare with 562 million bu last July, and an average of 298 million bu in the ten-year period 1943-52. However, it is expected that almost all the carryover this season will be held by CCC or under re-seal programs. About 552 million bu of the 1953 crop had beenplaced under government support programs at the deadline on January 31st. The uncommitted inventory of the government, according to a figure given out Friday, was 431 million bu. This was an increase of 3.6 million bu for the week, and it may have occurred through some wheat having been defaulted early. Therefore, one cannot be entirely sure how much grain is under government domination. We do not have any recent figures either on the amounts redeemed, but in any case it looks as though therewere a larger quantity in the sterile account than the amount we shall carry over two months hence. Therefore, there could still be tightness in old-crop positions, although we continue to feel that the supplies of red wheat are relatively more plentiful than other grades, and we are not at all certain that the Chicago situation will be too much affected.

The government showed stocks of grain in all positions as of April 1st. Including 297.8 million bu on farms, the nearly 316 million bu held at terminals, 30.4 million bu CCC stored wheat, 104.7 million bu held by merchant mills, and 379.2 million bu located at interior mills and elevators, there was a total supply of 1,128 million bu. This compared with 840.5 million bu last season and 517.8 million bu two years ago. Rye stocks in various positions are nearly 18 1/2 million bu compared with 6.7 million bu last year. Thus the heavy imports have made a big difference in our holdings. Corn stocks are at an all time high, with nearly 2 billion bu held, but oat stocks of 494.2 million bu compared with 503.7 million bu a year ago.

Before our market opened, there had been some wonderful rains reported over parts of the Southwest. The Texas Panhandle did not get a thorough soaking as the Northern Plains received very little precipitation. However, in the central and southern sections rains of 3/4 to 1 inch were reported rather freely. There was also some nice moisture over Oklahoma and even southwestern Kansas was benefited. There is still a showery situation, and with the moisture that has occurred crop prospects have undoubtedly been enhanced. There was heavy rain in northern sections of Iowa, Illinois, and Indiana, where it was not so badly needed but still this moisture should be a help.

When the visible supply of wheat was posted there was a decrease of about 3/4 million bu, total stocks in all positions are 276.8 million bu, which is 82 million bu more than was on hand last year. Corn decreased 1 1/2 million bu, leaving 22 1/2 million bu in various markets compared with 28.6 million bu last year. Oat stocks decreased over 1 million bu. In the whole visible there is only about 3 million bu compared with nearly 11 million bu a year ago. Beans were reduced 795,000 bu, leaving stocks of 9 1/2 million bu vs 6 1/2 million a year ago. Chicago wheat stocks declined to 9 1/2 million bu, corn stocks increased to 3.8 million bu. There is less than 1 million bu oats in Chicago, but about 7.3 million bu of rye here, and nearly 4 1/2 million bu of beans in Chicago.

The wheat market was very weak early, and there was liquidation of May contracts. Later in the session, however, there was a report from Geneva, apparently from authoratative American sources that President Eisenhower might ask Congress in the very near future to approve armed U S intervention in the Indo Chinese war if necessary in order to prevent military disaster. This brought in some buying, and we had fairly good reactions. Beans were strong, particularly the May and July futures, which not only sold at new season's high, but were up 10¢ per bu from the previous close. The deferred months were not too much influenced. There were 346 cars of corn here including 251 for CCC. Hardly any attention was paid to some wheat sales made to Spain. Chances are that this will come out of government stocks.

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[illegible] of the [illegible] west. [illegible]

[illegible]

DAILY MARKET LETTER

MEMBERS:
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CHICAGO MERCANTILE EX.

CHICAGO, 4

April 27, 1954

The writer was on the Paris Bourse in 1932 when there was a general world depression. Not only did we have low grain prices here, but also in Europe. Some French farmers who had been receiving very little for their grain broke the windows of the Exchange and erased the chalk marks that registered price levels. Little did they know that this was merely a thermometer which was telling a story of low costs everywhere. However, there is a certain fallacy in considering prices alone. The Searle Grain Co., Ltd. points out that in 1913 the French farmer was getting 7.6 francs per bu for wheat. Today he is getting 972 francs per bu, but certainly no one can feel that the French farmer is 127 times better off now than he was before the war. Even now the French farmer is complaining that the present-day price of 972 francs does not buy any more than the 7.6 francs did in 1913.

There was a dispatch from Washington this morning claiming that government plans to take drastic action to dispose of its agricultural surpluses by offering them abroad on a government-to-government basis. Apparently the program is being developed by the Department of Agriculture on instructions from the White House. John H. Davis, Assistant Secretary of Agriculture, may disclose details of a new surplus-disposal program in testimony before the Agricultural Committee. There is some talk that the private export trade might be excluded from doing this business.

Our market was lower possibly as a result of the feeling that if government stocks were sold it would mean smaller quantities taken from other channels. Possibly it was the rains which have occurred and which are improving crop prospects. We heard recently from Canada that when certain experts met in Washington, both the Canadians and the Americans were said to be in the same category with respect to surpluses, and any attempt to throw large quantities into foreign markets would probably be the beginning of price warfare between our two countries.

The weather map is still unsettled and quite a little moisture is expected for scattered parts of the Southwest. The one exception is the Texas Panhandle, although some relief has already occurred in that area. We also had some fine rains over the corn belt and the Northwest has been favored, so that altogether the crop outlook is considerably better than it was a few weeks ago.

Little attention was paid to political news although Prime Minister Churchill announced this morning that Britain was not prepared to undertake any military action in Indo-China while the Geneva Conference was still in session. In addressing the House of Commons he was cheered as he said that England had not entered into any new military or political commitments.

A few truckloads of new wheat were received at San Antonio. This apparently came from a small producing area, and the shipment was about twenty-five days earlier than usual. Since that section of the country is not important in wheat the transaction was of little importance.

Canada apparently sold 11 cargoes wheat to Japan but business from here was light except that a few parcels of corn had been sold to the U. K.

Primary receipts of wheat were somewhat larger today and amounted to 1,435,000 bu which compared with 1,227,000 bu last week and 884,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 20,000 bu. Chicago stocks of wheat in deliverable positions are 4.7 million bu compared with 5,150,000 bu last week.

Flour business remained extremely poor, and this, together with liquidation of May wheat narrowed the spread between old and new crop positions. There was a report that Mr. Harry J. Reed, Senior member of a ten-man group now studying questions of trade in agricultural products between the U. S. and Latin neighbors, was at Lima, Peru. The purpose of his trip was to find the means of stimulating exchange to the mutual benefit of the nations concerned. Mr. Reed denied vehemently that our government would offer surpluses abroad, but not much attention was paid to his statement.

The Clearing House margin on beans was increased from 35 to 45¢ per bu for old crop futures, while the spread between old and new crop futures was increased from 10 to 25¢ per bu. This may have had something to do with liquidation which occurred in beans, but not until after new highs on the crop were established.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 28, 1954

After a sharp break in wheat such as we had yesterday, it is sometimes the better part of valor to review conditions in the light of present-day facts. For many years the import of the loan had quite a bearing on market prices. While it was generally recognized that there might be some depression early in the season when the harvest movement was on, it was generally found that later the impoundings made their indent on the supply of free wheat.

Here of late, even with record quantities impounded under the loan, there has not been the general speculative enthusiasm, probably for the reason that surpluses were accumulating the world over, and great efforts are being made now by all exporting countries to get their grain into foreign channels. At the same time we must recognize that total plantings of all U. S. wheat this season, including spring and winter crops, will cover an area of 63.2 million acres. This figure is indicated by combining the intended acreage of spring wheat and the actual plantings of winter wheat, according to the December estimate. A reduction of 15.5 million acres is suggested from the 78.7 million acres planted from the 1953 crop. On that basis we can hardly expect a billion bu to be gathered next summer, although there has definitely been improvement in the winter wheat districts owing to the recent favorable weather. If a forecast were made today we would hazard a guess that an improvement of 40 to 50 million bu would be possible over the figure given earlier this month. Intended plantings of durum wheat are indicated at only 1.5 million acres compared with 2.1 million acres last year, and a ten-year average of 2.7 million acres. However, this does not take into account what may come from the Secretary's announcement in late February of increased allotments to provide for expansion resulting from last year's short crop.

The news from abroad, according to Broomhall, is not too good, as weather has been unseasonably cool, which has further delayed growth of winter grains. There are some complaints that crops are losing color and that there is a need for warmer weather; also a number of areas require moisture. It has been very cool in Western Germany, which is regarded as unfavorable. Satisfactory conditions are reported in Italy but growth is backward. France has had snows and continued low temperatures, which caused the wheat plant to lose color; yet no serious damage is indicated.

Mr. Davis, Assistant Secretary of Agriculture, urged the House Agriculture Committee to authorize the President to sell or give foreign nations up to $1 billion of surplus farm commodities over the next three years. No specific mention was made of the commodities involved but the plan in general was for disposing of ever-growing surpluses. The same official also asked for broader authority to dispose domestically of farm surpluses. He said that the government was badly limited in its authority to designate to needy persons foods which are in danger of spoilage.

Primary receipts of wheat were 696,000 bu compared with 543,000 bu last week, and 548,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 117,000 bu.

Markets were rather weak, but beans at one time turned and had sharp recoveries, which also influenced other grains. The political news looks a little more peace-like. Premier Joseph Laniel announced that a declaration of independence had been signed for Indo China, but this did not have too much influence on the market.

It now appears that if any agricultural products are either made abroad through sales or grants that attempts will be made to prevent disrupting markets, and that private channels of trade will be used.

A good portion of the corn receipts here in Chicago were for Commodity account, but yet May corn was relatively firm compared with the July. Chicago elevators have been selling corn for shipment out of this market up to 4 1/2¢ over, and at the same time have been buying very little in the country either for barge or for rail shipment. Country offerings seem to be light.

Until we get the Cenus Bureau's report on beans and the stocks in various positions it is rather difficult to have strong convictions. One thing is certain: namely, that the market recovers easily from minor setbacks. The late weather forecast was good and caused last minute selling.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 29, 1954

There was a new development overnight: namely, the cold weather which had been experienced in the Northwest was moving into some of the winter wheat areas. The forecast is for a considerable drop in temperatures and freezing thermometer readings are expected in west and north central sections of Kansas tonight with a low of 20 degrees in northwest Kansas. A fair amount of moisture is indicated, but this was offset by the expectation that Oklahoma might also have a light freeze, with a low tonight of 32 degrees in the Panhandle area but higher temperatures in other parts of the State. Our people in Kansas City said that the feeling there was that no harm could come to wheat in northwestern Kansas or in Nebraska by freezing temperatures. If there were freezes in south central and southeastern Kansas, wheat could be hurt, especially if temperatures got down to the freezing point and remained there for some time, but just a dip followed by warmer weather would, according to most people, not do much harm. Nevertheless, the market opened higher.

The Census Bureau gave its report on soybean crushings, showing 19,252,000 bu. for March. This figure was not a surprise, and while somewhat smaller than last year it was heavier than February. Soybean stocks were given as 52,297,000 bu, which is not complete, but even taking it at its face value it somewhat offsets stocks of meal which are heavy.

There was no export business of consequence overnight, although some additional small amounts of flour had been sold to The Netherlands.

BAE points out that both military procurement and exports of food during 1954 are expected to total less than last year. Government programs now in effect will tend to encourage food exports, particularly on those commodities which are in surplus supply.

At home there is no reason for expecting any significant changes from the previous year. The decline in business activity and employment, which began last summer, is a weakening influence. However, this is offset to some extent by lower personal income taxes, which became effective the first of the year and increased unemployment compensation payments. For 1954 as a whole civilians are expected to eat slightly less meat per person than last year but still if the consumption rate is 150 lbs per person, as forecast, it would be only 4 lbs. less than last year's forty-five-year record rate.

Primary receipts of wheat were nearly 1 million bu, which was about the same as last year, but compared with 570,000 bu last week. Kansas City and Minneapolis stocks so far this week show a net increase of 79,000 bu.

Markets were erratic, and there were some rather sharp swings in beans. It seems that fairly liberal bean tenders are possible on May contract, but whether this will have any influence on the market is difficult to say. We tried to check with several members of grain concerns in Oklahoma to see what effect, if any, freezing temperatures would have on the crop. Most of them seem to agree that if the thermometer dropped to 32 degrees overnight not much damage would result. However, if it remained at around 28 to 32 degrees for a period of a day or two there might be heavy damage. In other words, just a quick drop would not affect the crop too much.

There is not a great deal one can say about the immediate trend, but we are always bearing in mind that while there may be some pressure in wheat when the new crop moves, the deferred months are already selling far below loan levels. Corn was steady but aside from relative strength in the May future, there was not much feature. Chicago carlots were 221 and over half were for Commodity. May wheat gained on later months and it remains to be seen whether tenders on contract will be heavy.

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CHICAGO, 4

April 30, 1954

After the close of the market yesterday there was a report issued by the Department of Agriculture showing that soybean stocks in all positions on April 1st totaled 117 million bu. This is the smallest quantity on hand during the last five-year period. It compared with 147 million bu held a year ago, and 130 million bu in all positions on April 1, 1952. The total supply at the beginning of the season was 272.5 million bu, which included a carryover reserve of slightly under 10 million bu. Since last October the amount of beans processed up to April 1st amounted to 121 million bu. There was about 31 million bu exported, small amounts were fed, etc. At first glance this report was regarded as quite bullish. However, even after allowing for the probable exports for the balance of the crop-year and probable crushings, there should be a carryover of about 2 million bu, all that is necessary in view of the high price. However, there might be some economies practiced particularly since the next crop is apt to be large, and September and November futures are already selling at such big discounts.

There was not much other news except weather. This was important for the reason that temperatures had not dropped as severely as some had feared, and, moreover, rains were considerably heavier than were expected. We had wonderful moisture in central and eastern sections of Kansas, with precipitation running as high as 2 inches at some stations. Oklahoma also had more rain, although the extreme western section was omitted, and the extreme southwestern part of Kansas was not benefited. On the other hand there were good rains east of Amarillo, with as much as 1 to 2 inches last night at a number of points. The five-day forecast is also fairly optimistic and apparently we have an unsettled situation.

When tenders were announced quite a few soybeans appeared on the Clearing House sheet, also some oats and a good quantity of rye, together with 42 tanks of soybean oil. Apparently neither wheat nor corn receipts are circulating, and this had the tendency to widen the spread of May wheat over July, and also, caused some firmness in May corn.

Weather in our Northwest seems to be fairly satisfactory, despite recent low temperatures. There is apparently a good deal of snow over Montana. Winter wheat there is in the grass stage and reports that we had indicated no harm from the recent cold snap. In Canada indications are for continued cold weather with some snow flurries. At Edmonton, for example, the thermometer read 13 degrees Fahrenheit, Moosejaw 11 degrees; so one can see that it is going to take a period of much warmer weather before spring wheat can start.

Primary receipts of wheat were 839,000 bu compared with 686,000 bu last week, and 1,116,000 last year. Kansas City and Minneapolis stocks so far this week show a net increase of 86,000 bu. When the visible supply of wheat is posted on Monday it will compare with a small decrease last year of only 142,000 bu.

Markets were rather firm early, May wheat was reasonably strong, and gained on other months, probably because of disappointment that no tenders were made against May contracts. However, the rain and general moisture which was disregarded for a time finally brought some liquidation in the July and other new-crop futures. When this selling occurred and July wheat hit $2.00, there was general stop-loss selling, and the market appeared to be very poorly supported. The result was that the breaks extended further.

Corn for a time held well, but naturally heeded the weakness in the leading cereal. We were led to understand that there is probably less than 1 million bu of 1948-49 CCC corn in country locations left in the state of Illinois on which shipping instructions have not yet been issued. It may be, therefore, that later on cash corn will show even greater tightness, but of course much depends on general selling of the CCC in various parts of the country.

U.S. interests were reported selling Winnipeg July rye, and there must have been quite a bit of liquidation here also. The market has been weak for a long time now, and even at the big discount under other grains not much support is being manifested. Furthermore, rye is at a huge discount under the loan, but even this does not have too much influence. We hear CCC will turn loan flax over to the trade for toll crushing and sale of the meal. 17 million bu are involved.

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CHICAGO, 4 May 3, 1954

After the close of the market on Friday new parity prices were announced for the month of April, and there was an increase of 1¢ per bu for wheat and corn, but elsewhere the list was about unchanged. It is difficult for the layman to understand why some commodities advance and others remain steady but the base period is not the same for all products. Furthermore, some articles are still under old parity computation. The increases in price of items bought at grocery stores accounted for a one point rise in index prices paid by farmers for family living commodities. The main item in this category was coffee, although there were moderate increases in the price of fruit, meat, and vegetables. On the other hand there were offsets, as declines occurred in dairy and poultry products. April prices for butter were down about 9% from March, and had it not been for this factor the parity level might have risen more. The April 15th parity figure for wheat is $2.50 a bu. The loan will be based on the June figure, but if this were the same as at present 90% would mean a farm loan of $2.25 a bu, which is the highest we have ever had.

On that basis we feel that it would not be wise to become too bearish at this point even granting that world conditions are bearish and that the surpluses which have accumulated in the exporting countries will have to move before we can feel at all optimistic on the actual supply and demand situation. Crops in Europe are not yet made, and there have been delays in accomplishing spring work due to unseasonably cold weather. Also, winter wheat has been retarded, but still it is too early to try to figure out whether there will be reductions in yields, if any, from the year before.

Here at home we had a tremendous amount of moisture over the week-end, and in fact, about the best rains of the season, with as much as 3 1/2 inches in the southeastern part of Kansas, nearly 2 inches at Salina, and the surrounding country, Parts of Nebraska had 2 inches rain, while Kansas City had more than 2 1/2 inches. Even Norton, Kansas received 1 3/4 inches during the past few days, while Texas and Oklahoma remained relatively dry. Low temperatures were recorded at Dodge City, Kansas, and at Amarillo, Texas, but apparently it has warmed up since and the worst is over, so that not much attention was paid to this factor.

Spain bought 7,000 tons soft wheat under GR-261, and the grain is coming from government stocks. The U.K. bought a few parcels of corn, but otherwise there was no amount of activity in export circles. Australia continues to ship its wheat rather moderately, and since January 1st has cleared only 18 1/2 million bu, which is half as great as exports were a year ago during the same period. It leaves them with 137 1/2 million bu still for export and carryover next December compared with 92 million bu for the same date last year. Argentine shipments so far this season are 31 1/4 million bu, which likewise is not too good a record in view of the large supplies on hand. Some Argentine corn is now going abroad and since April 1st a little over a million bu has cleared. This compares with 1,618,000 bu a year ago.

Chicago wheat stocks decreased 119,000 bu, which was less than the week before, and leaves 9.3 million bu in this market. Corn stocks locally decreased 78,000 bu, leaving 3.7 million here. The oat stock was cut to 1,149,000 bu, but there was a small increase in bonded supplies. There is still 7 1/2 million bu rye in Chicago elevators, together with 350,000 in boats. Also, there is 200,000 bu of bonded rye here. The bean stock decreased 472,000 bu, leaving less than 4 million bu in our market.

The rains probably had something to do with today's decline in wheat, but there was also a report from Washington claiming that the administration was prepared to try to dispose of government-held stocks of surplus food and fiber. Any such business might retard the flow of normal exports from private sources, and to that extent is a little bearish. On the other hand, it makes more room for larger quantities to go into the loan. May and July beans sold down 10¢ per bu, with liquidation in evidence, and some talk, although not fully confirmed, that 100,000 bu now located at a gulf port might be returned to Chicago. We do not know the grade of these beans, nor the circumstances but feel that this may have been an influence on the market. There was 174,000 bu wheat tendered on May contract-- the first so far, and this would indicate that the demand for red wheat may not be too urgent, particularly with the May delivery at the present premium over deferred months. Flour sales were poor over the week-end. The bulk of the carlot receipts of corn in Chicago were for the account of Commodity Credit Corporation. Rye was again

weak, and so were oats.

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CHICAGO, 4 May 4, 1954.

There was not very much grain news overnight. The rather low temperatures which had existed yesterday in the Southwest had moderated, and although it was cold around the lakes, with some freezing temperatures, this was not regarded as serious. For the immediate future it looks warmer for all sections of the country, and the five-day forecast suggests that temperatures will run about 5 degrees above normal, with possibly some light showers by Friday, all of which seems satisfactory.

The carryover feeling from yesterday had been rather bearish particularly as old-crop beans had sold down the full permissible limit, and the result was that some additional selling occurred this morning, but on the decline there seemed to be better support, particularly as meal and oil were only moderately lower, and it was felt in many quarters that it may take a fairly high price to bring about economies in consumption in order that supply and demand will be balanced.

The past week was not particularly good for either progress of field work in the Northwest or for actual growth of seeded crops. The southern districts probably made more headway than the areas near the Canadian border, where there had been snow and precipitation rather generally. However, the delay is not regarded as too serious.

New export business is still quiet; so there is not much encouragement from that source. On the other hand the wheat market has been subjected to heavy liquidation for quite a period now, and the present price is so far below the loan level that in our opinion at least short sales are unattractive. We expect that to the extent that storage may be found impoundings will again be very heavy on the next crop, and certainly there is every inducement for farmers to try to obtain a loan for their new wheat. The only question which arises is the offset on part of government if the accumulations are going to be sold in any volume, although we still have our doubts whether wheat will be sold domestically unless the question of quality or deterioration is involved.

The wheat farmer had until April 30th to redeem his wheat or else default. We do not have the actual count, and, therefore, must await government data on this most important issue. From all the figures we have it looks as though the total amount in government hands would be in excess of indicated carryover next July. Of course, last minute redemptions might have been heavy, or there could also have been substantial quantities of wheat under purchase agreement that had been sold. Farmers are allowed another sixty days in which to redeem their loans on farm-stored wheat; so there are still a good many uncertainties, but from all indications the amount of wheat that will be in free supply at end of June will probably not be at all heavy. Prices of the better quality hard wheats were above loan level for some time, and prices of amber durum were also very high compared with the loan. Thus we may not be sufficiently up to date on what has occurred except that we do know definitely that the price of soft wheats were relatively weak because of large supplies, and unless redemptions had taken place due to keeping qualities final defaults must undoubtedly have been heavy.

While it is true that the International Wheat Agreement still has two seasons to run, it lacks much of the efficacy owing to the fact that the U. K. is no longer a member but is yet one of its largest importers. Only by reducing prices to the minimum could IWA buyers be forced to take up their quota of American wheat, which is not a very palatable picture for the U. S. Treasury.

Primary receipts of wheat today totaled 1,704,000 bu compared with 1,435,000 bu last week, and 923,000 bu last year.

According to The Southwestern Miller flour business is exceptionally slow with sales almost at a standstill. There has been a modest amount of PDS business day by day, but this also has slowed somewhat. We heard of no export business in wheat from either the Gulf or the Seaboard, but there was some Pacific wheat sold, and also a cargo of Canadian wheat to the U. K.

Markets gave a good account of themselves despite weakness in soybeans. Near the close of the session when some selling entered the soybean market, stop-loss orders were uncovered, and both May and July again went down the permissible limit.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 May 5, 1954

Business has improved during recent weeks with industrial production declining at a diminishing rate. In some quarters it is thought that cheap money may be a stimulating factor but probably of greater importance is our vast population growth, which in this country at least is a propelling force. This is not true everywhere in the world, and it cannot be said that rapid growth of population in itself assures progress. We have seen in countries such as China and India that the expansion spells overcrowding, starvation, and misery. However, in our own country the wants of the people have resulted in tremendous productivity. In the last decade we have had a 19% increase in our population, which was more than twice the gain in the 30's. It is predicted that between 1950 and 1960 population will increase by 28 million persons, which is the equivalent of twice the present population of Canada. Since the end of World War II more than $200 billion has been invested by American industry in plants and equipment. Since 1941 the number of motor vehicle registrations has increased from about 35 to 55 million, or a gain of 60%. By 1975 it is estimated that there will be 85 million motor vehicles on the highway. The big problem is how to finance new roads to accommodate this travel without imposing a staggering burden on government. Probably part of the answer is that toll roads are being instituted on a larger scale and about 4,500 miles of such toll roads have been built or are in process of construction.

Before our market opened this morning, there was not too much to guide it. There had been a few light sprinkles over Missouri and Kansas, but it was generally clear with rising temperatures in prospect. While weather had been unseasonably cold, seeding of oats in Illinois has been virtually completed, which actually is only a few days later than last year, but nearly a week earlier than average. Scattered fields in the northern counties have not been seeded because of excessive moisture and some fields may thus be planted to other crops. Plowing for corn and soybeans continues ahead of schedule with work almost 85% completed compared with 75% this time last year and an average of 65%.

Shortly after our market opened a private crop estimate was published by Galvin, and this showed a prospective winter wheat crop of 663 million bu, which was a cut of nearly 15 million bu from the government's April 1st estimate. There was a reduction of nearly 8 million bu for Nebraska, about 12 million bu for Kansas, a small cut in the yield for Oklahoma, and actually less wheat in sight for Texas than was indicated in the government figures. This seems rather difficult for us to understand in view of the moisture that has occurred unless the abandonment was bigger than had been expected. It will, therefore, be interesting to see what the government does when its figures are released next Monday. We do know that acreage abandonment and diversion of land to other uses has been heavy, and inasmuch as farmers had to comply with the allotments, it appears as though the standing harvest would be quite small compared with the ten-year average. Had it not been for this we might still have had a fairly good crop as the May 1st condition, according to the expert, is placed at 77% of normal compared with approximately 71% last season.

Primary receipts of wheat amounted to 963,000 bu; this compares with 696,000 bu last week, and 350,000 last year. Kansas City and Minneapolis wheat stocks so far this week show a net increase of 159,000 bu.

The wheat market was quite strong, it started higher when a private report was issued, although the Kansas weekly report stated that prospects for the Kansas wheat crop had brightened considerably during the week, as rains in various amounts covered the entire state. There are still some dry areas that will require additional moisture, but the growing crops in many areas have been revived. There was also improvement in Missouri due to the good rains over the state in the past week, and top-soil moisture has been quite good.

Meanwhile, flour business is of very small volume, so that there was no encouragement from that source. However, a rather good showing was made in wheat considering that on many occasions the old crop bean futures were quite weak. There was some buying of deferred bean deliveries, and from what we hear some export business is going through almost daily, with a sale of new-crop beans involved for October-November shipment. This naturally takes some hedges out of the market. We heard that Holland, Belgium and Germany have been buying.

Corn was strong and oats were firm; May corn seems to be gaining a little on other months probably for the reason that deliveries so far this month have been small. Rye was strong, and of course the price is so low that this is tempting to a good many people who feel that rye is selling at too big a discount under many of the other cereals.

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CHICAGO, 4

May 6, 1954

Secretary Benson is engaged in a great debate with the Congress on the question of whether 90% parity prices for basic commodities should be continued or whether we should revert to a more realistic program. Many accusations have been made that the farmer could ill afford a change at this time owing to the fact that his income has been greatly reduced already. It is true, in 1953 the incomes of farmers were 24% below the all time high, yet they were above any previous year except for six war and post-war years. Certainly the farmer is not in the plight that many claim. There have been reductions in beef, dairy products, and in other commodities, but yet his debts are not large when compared with his assets.

On January 1st, 1954 the value of all farm assets was $156 billion, and the total farm debt was only $16.7 billion; in other words, assets were nearly ten times as large as debts. It is difficult to point out similar conditions in industry when readjustments occur. We have had billion-bushel crops of wheat almost without exception since 1944. Huge acreages have been planted to various crops, and Nature has been provident, so that in view of all these conditions, farmers as a whole are in a strong financial position.

The six basic crops that at the present time have mandatory 90% of parity price supports account for only 25% of the cash farm income; yet these six crops account for more than $5.3 billion of the $6.5 billion presently invested in commodities, price support loans, and purchase agreements. It is quite obvious, therefore, that a very unequal distribution is being practiced with respect to the price support benefits amongst farmers, particularly when it is considered that 55% of the farm income is from products that have little or no price support whatsoever. Sooner or later we believe that some adjustment must be made in wheat parity unless we are willing to amass even larger accumulations. For example, wheat at 90% of old parity is 33¢ per bu higher than wheat at 90% of modernized parity. The results are two-fold. First, the government continues to subsidize export shipments to a far greater extent than is necessary, and secondly, it is inducing continued growing of wheat on land that should be returned to grass.

Before our market opened this morning there was little to guide it. Weather remains cool over many sections of the country, but this was not regarded seriously. Actually cool, wet weather in May is beneficial to wheat. In the Oklahoma Weekly Crop Bulletin, we were told that drought which had extended over a period of over four months was broken by general rains during the past week. The Panhandle area received beneficial showers, and still needs a general rain. However, surface moisture conditions range from fair in the northwest to excessive in some central and west-central areas where heavy down-pours have caused floods in local sections. Grain crops have shown marked improvement as the result of recent precipitation, while cool weather has been of some benefit to wheat which is heading out in all areas. If cool weather continues for a week or two it would permit grain to fill normally and would improve yield prospects.

Statistics did not count for much. According to Broomhall, there was 2.8 million bu of wheat cleared during the past week, and total for the season is 162 3/4 million bu compared with 290 million bu last year, or a decrease of 128 million bu. Total corn shipments since October 1st are 57 million bu vs 88 1/2 million a year ago.

Wheat was weak during most of the session. There was no particular pressure, but apparently a good many people had covered yesterday when the Galvin report was issued. Beans were very strong at one time, but later weakened on profit-taking. The government is said to be willing to offer its stock of butter at world prices for export. Exporters may ship behind the Iron Curtain if they obtain a license. The world price is around 42¢ per pound. May corn was relatively firmer than other months, and country offerings were extremely light, but when general weakness set in the yellow cereal yielded a little ground. In fact, there were lower prices also for rye and for oats.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 May 7, 1954.

The Brannan Plan when it was proposed some years ago was never well supported, and farmers in particular disliked the idea of getting their money through the Post Office instead of in the market place. It was regarded as an outright subsidy of one segment of the community at the expense of another. Of course, holding up prices artificially above their merit is in much the same category, except that where direct payments are made the subsidy is in disguise. Furthermore, there is always the danger that another Administration, or even the same Administration might cut the subsidy and thus the farmer would be at the mercy of legislators. We mention all this as there is talk again of considering a Plan that would give direct payments to farmers. Mr. Benson himself has contended that it would cost no more than other disposal plans, but might at the same time curtail or halt government's accumulations of dairy commodities which have been under discussion. There would no longer be the necessity of buying butter in order to try to keep prices at a better level.

The Secretary is thinking of asking Congress to let him adopt the "Plant Payment" that was used during World War II. It differs somewhat from the Brannan Plan, but there are similarities for helping to maintain income for perishable commodities. Under such a program the price would be allowed to decline to a market level that is justified by supply and demand, and the government would then pay producers of dairy products the difference between the market price and the price that would reflect a theoretically fair return to farmers.

There is not much export business going on at the present time. It seems that millers in Britain are having a good deal of trouble. They evidently have forgotten how to buy ahead. The only way they can buy at present is by engaging freight and fixing the price of wheat that is thus shipped just before its arrival. Thus there is very little scope. Moreover, these British millers are experiencing a great deal of competition in the selling of flour from Canadian mills; and, indeed, some of the English bakeries are making larger purchases of flour from Canadian mills, which has created difficulties.

There was not much to guide our market this morning, although the weather was on the cool side. The outlook is for subnormal temperatures that are about 5 to 10 degrees under the normal for this season of the year. A few showers have occurred, but not much moisture is looked for by our own weather man, although the five-day forecast for Kansas is somewhat more hopeful, with as much as 1 inch of rain expected during the period for eastern Kansas. Since April 1st precipitation in Canada has been above the normal in Manitoba, with the largest excess of 100% and over in the Red River Valley and the Dauphin areas. However, most western districts in Saskatchewan report deficiencies of 5 to 20%, but on the other hand, central and eastern districts have had cumulative totals from normal to more than twice normal. Among the foothills of Alberta and in the southern district excesses have ranged from 30 to 75%, while in the east central districts there have been deficiencies of 10 to 55%.

Primary receipts of wheat amounted to a little over 1 million bu compared to 839,000 last week, and 738,000 last year. Kansas City and Minneapolis stocks so far this week show a net increase of 111,000 bu. When the visible supply of wheat is posted on Monday it will compare with a shrinkage last year of 860,000 bu.

Markets were all rather weak during the first part of the session, but there was some recovery later on when the Fortress at Dien Bien Phu was reported to have fallen. This had been fully expected, but it nevertheless had some influence. Flour business is still on the quiet side, and there was no encouragement from that source. However, there is some business expected next week with Greece with about 3 cargoes involved, and we also understand that Germany is apt to buy a similar quantity, although we do not know whether it will be handled privately or whether the grain will come from government stocks.

When the leading cereal recovered it also influenced the bean market, although there was not the brisk buying that we had noted on other occasions. A small amount of beans had been sold to Formosa, but the price was quite unsatisfactory, and it is our understanding that there were some distressed beans at the Gulf which were sold rather cheaply. Corn was firm, and there was no special feature, although on the bulge country offerings were slightly improved. There was a good rally in rye, and we did not hear of anything special, except as we have pointed out

from time to time, this cereal has been well liquidated and the price is low compared with almost every other commodity on our Exchange.

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CHICAGO, 4

May 10, 1954

Temperatures are far below the normal but of the two extremes it is probably preferable, at least for wheat, to have low temperatures in May, and apparently it gives the plant in Texas and Oklahoma a chance to fill better. There is a good deal of planting of corn taking place in the central states, and it will require warmer weather for germination, but there is still some time for that. Western Oklahoma was favored with nice moisture and they had from 1 to 1 1/2 inches rain over most of that territory Saturday and Sunday nights. This really puts the crop in nice shape, and reports claim that no additional moisture is necessary now before harvest. The local weather forecaster at Fort Worth said that heavy thunderstorms were predicted for all of Texas and Oklahoma during the next twenty-four hours. Reports this morning from Amarillo told of some light rains on the Northern Plains over the week-end, but good rains east and southeast of Amarillo, with also 1/4 to 1/2 inch rain west and southwest of that point.

The trade is awaiting the government report this afternoon, and some improvement is expected over the private estimate; in fact, many of the guesses for Oklahoma and Kansas are much more optimistic than recent figures. Wheat, which had been subjected to short covering on Friday, opened rather weak, despite some export business that had been worked to Spain -- nearly 2 cargoes No.2 red wheat were involved, but it appears likely that these supplies would come from government stocks. Soybeans were higher on a report that a cargo had been sold to Japan, but apparently this did not affect other grains. Stocks of soybeans in all positions on April 1st totaled 117 million bu, or 30 million bu less than we had a year ago. Exports of soybeans during the first six months of the season were at a record level, and amounted to 31.5 million bu. This is 10.2 million more than for the same period a year earlier. Some advices from Washington indicate that total shipments for the season are not likely to exceed 38 million bu.

European weather, particularly on the Continent, is reported being unfavorable, according to Broomhall, and crop comment now is less optimistic especially from France and Italy where it had been expected earlier that record or near-record wheat crops might be gathered. There have been no intimations as to the reductions in the prospective outturn, and it is further believed that with favorable weather from now on a good harvest could still be obtained. However, in most countries crop growth is backward due to unseasonably low temperatures over the past few weeks. Frosts were experienced in a number of sections and complaints of loss of color had been more numerous.

Corn receipts were large today but 400 cars were for government account and only 50 cars were in the column of normal receipts. Thus it can be seen that we have to contend with rather unusual conditions.

When the visible supply was posted wheat showed a decrease of 355,000 bu. The present stock of 274.3 million bu is 80.6 million bu larger than a year ago. Corn decreased 600,000 bu, and oats showed a small decrease. Bean stocks are down to 8.1 million bu compared to 6 million bu last year. Here in Chicago we had mostly declines in stocks. There is still 9.2 million bu of wheat in this market, 3.6 million corn, and a little over 1 million bu of oats. Rye stocks continue heavy, while in beans we have just less than 4 million bu.

Markets were very much on the quiet side today. There was not near the trade that we had earlier in the month. Milling demand is still very slow, and according to The Southwestern Miller both bakery and family trade is showing almost a complete lack of interest. The fact that the Government Report will be issued later in the day probably kept people close to shore. There were reports from New York that Argentina had sold 150,000 tons of wheat to Brazil, making the total for last week 250,000 tons. Since January 1st that country has exported 33 1/2 million bu versus 11 3/4 million last year. Trade in corn is very quiet. The big discount under the loan prevents short selling, but CCC liquidation also discourages investment buying. Even beans were quiet, but there appeared to be some profit-taking. Deferred months were the weakest.

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CHICAGO, 4

May 11, 1954.

After the close of the market yesterday, the Department of Agriculture published its crop figures for the month of May, which indicated a wheat yield of 707 million bu compared with 678 million bu for April. This increase of nearly 30 million bu was due largely to better weather although, strangely enough, most of the improvement occurred over the Central States, and there was very little increase for the southwestern states, although Kansas now even with the smaller acreage has a better prospect than it did a year ago. Oklahoma will probably raise less, while the crop for Nebraska is down about 21 million bu, but taking the over-all figures it presented a slightly bearish picture for the reason that if we raise a spring wheat crop later of 223 million bu, it would give us a total supply of 930 million bu, which is probably more than our domestic and export requirements.

Weather Southwest is unsettled and there have been a good many rains reported over important sections of Texas, Oklahoma, and Kansas. To definitely state that the dust centers had been thoroughly relieved would probably be an exaggeration. Nevertheless, there has been enough precipitation to relieve topsoil conditions, and we must always bear in mind that man and not nature is undoubtedly responsible for many of the dust storms which occur in parts of the five southwestern states. Such practices as the plowing up of a tremendous number of acres of land that should never have had the sod and cover destroyed by plowing should never have been started. Many of the dust storms about which we hear so frequently are caused not so much by drought and dry weather as they are by the disturbance of mechanical instruments, which creates dust and wind erosion over an area of 7 to 8 million acres that have thin or sandy soils, or lie in low rainfall areas that they are unsuited for cultivation. The answer probably is that these lands should not have been plowed in the first instance.

The American farmer has done much in other respects to increase efficiency of production, and it is probably unwise to continue to cultivate improper soils when there are so many other alternatives. For example, farm output per man-hour in 1953 was 78% higher than before the war (1935-39). Production per acre, taking the country as a whole, was up 31% and production per animal was up 24%. It is these achievements that have made American agriculture great. It is also records of this kind that have made it possible to cope with the ever-increasing population.

Cold weather in the Northwest has caused further delays with respect to spring work, and the season is now definitely on the late side. According to the Peavey Report, the extreme northern counties in the heavy durum areas have only 25 to 30% of their wheat and durum seeded. There are scattered reports of farmers electing to substitute other crops for durum at this late date. However, there is no basis for an accurate appraisal of the final durum acreage. Field work was general in practically all of the areas the last two or three days of last week, and if weather remains favorable most of the seed will be in the ground in even the latest districts.

Primary receipts of wheat today amounted to 1.7 million bu, which was practically the same as last week, and compared with 1.3 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 99,000 bu.

We had some figures from Washington showing an increase of 35 million bu in corn loans during the month, bringing the total to 366 million bu. A year ago on April 15th there was 306 million bu of corn impounded, and the total went to 415 million bu. In wheat there is 553 million bu impounded, including purchase agreements. Included in this figure is 490 million bu placed through loans. However, up to April 15th farmers had redeemed some of their loan wheat and delivered amounts in payment of loans to reduce the outstanding loans to 442 million bu. This amount, plus 63 million bu purchase agreements, and the non-committed inventory of the CCC as of April 29th amounting to 452 million bu brought the total to 976 million bu under government domination. We find it difficult to reconcile such figures with the government estimate of 875 million bu carryover next June 30th. Statistics of this nature showing more wheat under government domination than the probable carryover have prevailed for some time, and are baffling to the grain trade. There are always some private stocks held by farmers, grain firms, mills, etc., and even though these may be small, there is no reasonable accounting for them in the various figures published by the government.

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CHICAGO, 4 May 12, 1954

From a statistical point of view there is certainly no shortage of wheat in this country. According to the figures that have been released by the Department of Agriculture one could almost conclude that there would be a minus quantity of free wheat in the carryover on July 1st, but this, of course, we know could not be the case. We still feel that there must be some readjustments in the data for either the uncommitted inventory or the amount under loan that should be straightened out, so the trade will have a true picture of distribution. If we loaded on a single train all the wheat which the CCC today has under its loan and in its inventory, the box cars would extend all the way from San Francisco to New York and then back to St.Louis, or a total of 4,222 miles. If a train were loaded with all the wheat, corn, flaxseed, soybeans, and small grains in which CCC funds are today invested, such a train would be 8,123 miles long. In other words, it would reach one-third of the way around the world. The produce, however, is not contained in box cars but is located throughout elevators and warehouses in various parts of the country, and the government is paying about a quarter of a billion dollars per year storage, which is at the rate of nearly $30,000. per hour.

When our market opened this morning there was not too much to influence it. A good many selling orders in beans, which had not been satisfied yesterday, caused a bearish view to be taken this morning, and first prices for beans were quite weak. However, it often happens that when any particular cereal declines to the full permissible limit, bearishness spreads to other cereals, and possibly yesterday's selling in wheat and corn had thus resulted. In any case there were some rallies this morning but traders may have been backspreading. After all, wheat is selling so far below the loan level for next season that there is every incentive for the producer to impound his grain again, and the big question, as usual, is the amount of available storage space for that purpose. Naturally, if we should have a wet harvest or if wheat would be unusually high in moisture, it would be a deterrent to hold it on farms. In that case, more would likely come forward, and might be sold. So there are, of course, some uncertainties still in that direction.

Generally at this time of year we are doing a fairly good export business for new-crop positions. However, there is hardly any business being booked right now, very likely for the reason that surpluses from Argentina, Australia, and Canada are pressing; moreover, a good deal of the purchases are from hand to mouth. Germany, for example, expects to buy 4 million bu Manitobas on Friday. They have already booked their freight at the St.Lawrence River. A small quantity of U. S. hard wheat was sold for last half July shipment, probably half a cargo, but otherwise nothing important was discussed in exporting circles.

Cold and wet weather held back planting of corn and soybeans in Illinois during the last week. Only about 15% of the corn has been planted this year compared with almost 20% both last year and in 1949-53 average. However, in beans progress was greater and nearly 10% of the crop has been planted this season against 5% at this time both a year ago and the ten-year average.

Primary receipts of wheat amounted to a little over 1 million bu, which was slightly more than last week, but compared with only 265,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 253,000 bu.

Wheat prices were a little firmer at the start, and the market gained momentum as the session progressed. We have had rather healthy liquidation for quite a period now, and we realize that buying a commodity on price alone is not always a profitable undertaking. In any case, there seemed to be a better sentiment all around; even the bean market recovered from the extreme weakness that was displayed early in the day. Deferred futures were strong.

The Department of Agriculture announced that it would support grower prices for 1954 Ambur Durum wheat at somewhat higher than last year on basis of the average loan, and that soft wheat would probably be somewhat reduced. These changes are apparently designed to reflect more adequately actual market differences for the various classes of wheat.

Milling demand was again very dull, but if prices steady for a few days it might bring in some additional business. There was nothing special in the various state reports; cool weather has probably tended to slow growth and development of crops. There have been some wonderful rains in parts of Oklahoma and Texas, and we would imagine that large acreages would be planted to sorghum crops. Corn acted well, but the bulk of receipts in Chicago are still for Commodity. May corn is bringing a fairly good premium over July.

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CHICAGO, 4 May 13, 1954

The soybean is more or less a newcomer in our agricultural economy. Thirty years ago production was very minor, and the value of the crop meant little to the farmer. However, in 1952, when we raised nearly 300 million bu, the value of production was $809.3 million, whereas in 1953, when we raised only 262 million bu, the value of production was still $704 million, which would indicate that beans are a very important item in farm income. If we contrast this situation with rice, which is a basic crop, we find that the value of production amounts to only about $270 million per year, whereas peanuts, which are also a basic crop, bring a revenue of between $150 and $175 million per year. Thus beans have surged to the foreground and are being grown in more and more of our agricultural states.

A new variety of beans has just been developed, which is expected to stabilize yields in the South. It is called "Lee". It is the most shatter-resistant variety so far developed and is resistant to many of the major soybean diseases. Agronomists in the Department of Agriculture are very optimistic about this strain and seed is being increased in eight southern states and will be available for general farm planting by 1956. Lee is expected to replace the Ogden variety over much of the area where this variety is now grown. In comparison with Ogden, Lee produces higher yields, a slightly higher oil content, and sounder seed coats. Lee seed yields averaged 29.3 bu per acre to Ogden's 27.5 bu per acre in over 90 tests conducted co-operatively by the U. S. Department of Agriculture and 12 southeastern states in 1951-53.

There was nothing much in the grain or weather news overnight. It looks as though we might have some light showers over the Texas Panhandle, possibly some rain in the Red River Valley of the Northwest, but elsewhere it is mostly clear and decidedly higher temperatures are in prospect.

The wheat business with Germany was postponed for a short period but it is still thought that they will take about 3 cargoes red wheat. In commenting on the U. S. wheat and flour exports for the week, Broomhall figures that 2.6 million bu cleared. The total since July 1st is 165 1/2 million compared with 297 1/4 million a year ago. Corn exports from this country were 781,000 bu last week, and since October 1st, we have shipped 58 million bu compared with 90 million last season. The European and Asiatic demand is generally poor as compared with previous years. The five principal exporters have shipped only 484 million bu wheat since August 1st against 640 million bu a year ago. However, Canada is doing a relatively better job than we are, and her clearances last week were 4 1/4 million bu.

Corn planting should make good headway with the improved weather. At a point 80 miles south of here one of our offices tells us that planting will be completed in that area by end of the week, and farmers will then start with beans. Some beans have already been planted but nothing much up to now.

We were happy to learn from cable advices that weather in Europe has improved greatly, and this is true both for the U. K. and the Continent, according to Broomhall. Warmer weather and rains have been promoting growth, which up to now was backward, but at the same time there is no longer any talk of record wheat harvests in either France or Italy. A good crop still appears likely in France if weather remains satisfactory. However, Italian prospects are still uncertain.

Primary receipts of wheat amounted to nearly 1 million bu; this compared with 819,000 bu last week, and 965,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 250,000 bu.

Wheat premiums in the Southwest were weak, but despite lower prices for cash there is still a big premium being paid in Kansas City for hard wheat over the July future. Milling demand continues very slow, and there is not much commercial business going on. Apparently a number of shorts covered yesterday, and in today's market there was only fair buying, but the close showed small gains. There seems to be no pressure of corn from the country, but on the other hand the demand is rather slow, and there is very little feature in the market except possibly some changing between months. Old-crop beans, which had been so weak for quite a period, reversed themselves today, and we had good rallies. This, however, did not have too much influence on the deferred months; they probably heeded more crop and weather reports, which on the whole were very satisfactory. There was a little business in new-crop beans, and sales were made to Japan for October-November shipment.

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CHICAGO, 4

May 14, 1954

Secretary Benson is a strong advocate of a farm program that would encompass flexible price supports. The idea, however, is not original with him, and for the record we think it should be recalled that when Mr. Truman was President he made the following statement in a special message to the 80th Congress, which then proceeded to enact a measure in line with his recommendations: "Now we must look ahead to a farm price support policy geared to our improved farm economy. Many shifts in production will have to be made, and flexible price supports will help us make them in an orderly manner. This will require authority to make prompt adjustments in support levels in line with current and prospective supply and demand conditions. It will also require flexibility in the choice of methods or programs that are designed to be most effective for individual commodities, that avoid waste, and that help bring about needed adjustments in production, distribution and consumption". Basic legislation is already contained in the Farm Acts of 1948 and 1949. These laws were enacted by overwhelming majorities of both parties. Strong support also came from National Farm Organizations. We believe that at that time, as now, it was the aim to prevent staggering accumulations of unmanageable surpluses by having support prices at not too high a level. Unless the law is changed we understand that flexible supports of basic commodities between 75 and 90% of parity will become effective on January 1st of next year.

Overnight weather seemed to have been satisfactory. A few light showers were reported in the Northwest, and also, in the Canadian Provinces. It seems that some light moisture is expected in the southwestern districts, and the five-day forecast suggests rain ranging from 1/2 to 1 inch for Kansas and other districts, which should, of course, be beneficial. It will probably be fair tonight and Saturday over the corn belt, and this will give farmers a chance to work in the fields to continue planting of corn and beans.

Yesterday there were very drastic declines in Southwest cash wheat, and it is thought that maybe this was a record for all time. The price of ordinary wheat dropped 8 to 10¢, making a cumulative loss of 18 to 21¢ in four days. However, premiums down there have been very high, and this is merely regarded as a readjustment and it had no particular influence on the market.

Germany had purchased 3 cargoes red winter wheat via the Atlantic and there was also quite a substantial quantity of Canadian wheat purchased by the same country, while reports had it that Holland and/Belgium had bought some parcels of milo and the U. K. had bought a few parcels of barley. Canadian acreage for all grain is slightly lower than last year, but individually the Winnipeg Tribune reports a 4.1% decline for wheat, with more oats and more barley probably seeded, a larger acreage for flax but a decline of about 16.2% in rye.

Primary receipts of wheat amounted to 942,000 bu which compared with 1,037,000 bu last week, and 1,073,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 313,000 bu. Whenthe visible supply is posted on Monday it will compare with a shrinkage a year ago of 3,700,000.

Trade was not too active, but wheat and corn showed a fairly good undertone, and there was also considerable covering of May beans which for a time widened the spread in relation to other months. Late selling caused weakness. Late in the session it was reported that Japan had bought 5 1/2 cargoes of Pacific U S wheat, and two cargoes of American barley. There was not much activity via the Gulf, but some red wheat via the Atlantic Coast. Flour business was rather poor again, and according to The Southwestern Miller, this may have been the slowest week of the entire crop year insofar as new bookings are concerned. With commercial business so light, it is not easy to become too friendly to wheat, except for artificial reasons, which have been mentioned frequently in our letters.

There was some increase in country selling of corn in Central Illinois owing to the fact that buyers paid higher prices. However, the cash basis was also higher for barge corn, and a little more was booked, but probably not much increase in rail bookings for Chicago.

Winnipeg rye was again higher and strength thereis generally reflected here.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

May 17, 1954

In years past the farmer's strength was generally gauged by the prices he received for his wheat, his corn, his oats, etc. In other words, before World War I, when he obtained as much as $1 per bu for his wheat, it was generally felt that he was in prosperous shape. However, inflation has changed these calculations, and price alone is no criterion of farm stability. The government then devised what has become famous: namely, the parity plan, using the period 1910-14 as a base for the articles produced and sold by the farmer in comparison with the necessities of life and of farming needs that he purchased.

The great fallacy, of course, of this program is that farm technology has never been included, and with increasing yields through hybrid seed and more intensive cultivation, an acre of land today produces much more than it did during the base period. We believe that probably the best method of computing the status of the farmer is that of merely adhering to the balance sheet method, the same as is employed by any business. For example, if we count all the dollars that the farmer received during the base period, 1910-14, and deduct production expenses, we find that on an average in those five years he retained a little over $3 1/2 billion per year, or to be more exact $3,679 million. This, of course, did not take into account mortgage indebtedness or the amount the producer spent in buying more land or more machinery, but yet it gives a clear picture of what his net operations amounted to. If by the same computation we figure realized net income of our farming population during the last ten years, we find that after paying all production expenses, the American farmer netted $13,742 million per year on the average, which is nearly four times as great as was the case during the base period. Of course, it can be said that the buying power of the dollar is less today that it was in 1914, but, nevertheless, even with tremendous production expenses the farmer is able to put into the bank much larger amounts of money than ever before. As a matter of fact, if we scan the years from 1910 up to the present time, we find that the farmer during that entire period has never had a losing year. In other words, there was always some money left for the bank unless he became overexpanded. We realize, of course, that there may have been individual cases of inefficiency and that some farmers may have been in the red. Others may have been located in drought areas, so that their operations were unprofitable. However, taking agriculture as a whole for the entire U. S. there has never been a losing year. Not even in 1932 did the farmer fail to make money, and we mention that year because of the great depression. He still had a net realized income which amounted to $1.9 billion. Such achievements we believe are a wonderful record for any industry.

There were some wonderful rains over the week-end. The Texas Panhandle was favored and in some districts 1 to 1 1/2 inches moisture fell. There was also good precipitation over many parts of Oklahoma and Kansas, which is bound to help the crop.

European weather has likewise improved and crops are responding to higher temperatures and timely rains which fell in many sections. Apparently the wheat plant is regaining color in many areas and it does not look as though there has been any appreciable damage to the plants.

There was a delay in the visible supply figures. However, Chicago wheat stocks decreased 592,000 bu, and this leaves 8.6 million bu in Chicago. Locally there was an increase of 186,000 bu in the corn stock, not much change in oats, but the total is only 993,000 bu. Beans decreased 382,000 bu, leaving 3.6 million bu here.

After mid-session old crop soybeans declined the full permissible limit, and thereafter there was pressure on wheat and corn probably by traders who were unable to liquidate their bean commitments. Wednesday is the last trading day for May contracts, and we would not be surprised to see erratic swings in the meantime. The open May positions are still sizeable. Flour business is still very dull, and there was no commercial buying of consequence. Possibly some of the selling in wheat today was occasioned by the rains. Corn held fairly well, and there is not much pressure from the country. The May future is still bringing a good premium over the later months.

The USDA calculates that as of April 30th there was still 982 millionbu of wheat available for milling, export, and carryover. They deducted the full season's requirements for seed and industrial uses, amounting to 175 million bu of wheat and flour. Exports since last July to the end of April have amounted to 171 million bu of wheat and flour.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4

May 18, 1954

Many of the laws that go on our statute books are little understood except in a superficial way. Sometimes the job of developing facts is difficult, as for example, the Social Security Act of 1935, which most people merely know as something to which they contribute. A Congressional Committee made a comprehensive study about a year ago, and we believe did a good job, under the leadership of Rep. Carl T. Curtis, with the assistance of a well qualified staff. At the beginning of 1953, there were about 87 million living persons who were paying Old Age and Survivors' Insurance but who had not yet received benefits. The payments by these persons and by employers on their behalf amounted to $22 billion. Despite this, there are no funds accumulated to pay the benefits to them if it is assumed that the current Trust Fund balance is used to pay persons already receiving benefits. In other words, their future benefits will have to come from taxes and wages of workers. This is certainly inflationary, as a day of reckoning is bound to come, and it may arrive at a time when most of today's wage earners expect to reap the fruits of this system. The next generation of wage-earners may well find that the financial burden this generation has willed them is so great that if the system is to continue it may have to be financed by inflation or general taxation. What is actually happening at the present time is that the Federal Government is collecting much more from present wage-earners than it has to pay to present beneficiaries. Thus it has a ready source of cash to spend for other things.

Before our market opened this morning, there was not much to guide it. Weather was cool and clear over the corn belt, which is satisfactory for planting of corn and beans, but there is an unsettled and showery condition in the Southwest, with half an inch of moisture at Dodge City, Kansas, and about the same at Lubbock, Texas. More rain is expected, according to both the daily and five-day forecasts. Weather is also favorable in Canada and apparently seeding operations are progressing there. Early prices for meal and oil were a little more encouraging, and this gave us a better opening in beans. Yesterday's price for the old crop had been down the limit and there was considerable discouragement, but a fair amount of buying took place early, which lifted the market at the opening.

We heard from Minneapolis that CCC had announced that they would sell flax in store at country elevators at the county loan level, but no mention was made of toll crushing. It was also said in Minneapolis that some light test wheat had apparently been sold by CCC to merchandisers at around $2 per bushel, which was less than the support price. The latter was not definitely confirmed, and it was specifically stated that there was no official CCC announcement that would authenticate the statement.

Primary receipts of wheat amounted to 1,356,000 bu which compared with 1,715,000 bu last week, and 1,315,000 last year. Kansas City and Minneapolis stocks so far this week show a net increase of 108,000 bu. The visible supply was late in being posted, it showed a decrease in wheat of 519,000 bu, but still leaves 273.8 million bu in all positions compared with 190 million last season. The U.S. corn visible decreased 858,000 bu, leaving 18.3 million bu vs 23.8 million last year. Bean stocks decreased nearly 1 million bu, leaving 7.1 million bu in various markets, or about 1.3 million more than a year ago.

Markets today were rather erratic. Wheat had a very good undertone, and there was no particular news, except a good deal of commission house buying, coupled with local professional purchases. May wheat lost some ground on other months, and apparently is being liquidated. Of course, basically, anyone who buys wheat must have in mind that the present market is far below the likely loan. Corn acted well, while beans were extremely erratic, and it was difficult to follow all swings. The old-crop months sold down the full permissible 10¢ per bu limit at one time, but there were reactions, although there were periods when it was rather difficult to trade as buyers and sellers did not always meet in the pit at identical times, while scalping trades have become fewer.

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CHICAGO MERCANTILE EX

CHICAGO, 4 May 19, 1954.

There was nothing very special in the overnight news except that some rains had fallen in Kansas, and on the whole we would imagine that crop prospects have improved since the first of the month when the government indicated a winter wheat crop of 707 million bu, which at the time was an improvement of 29 million bu from the month before. Several people with whom we have spoken are optimistic in their belief that the June figures will be even more encouraging.

On the other hand, we have been calling attention to the fact that the loan situation cannot be ignored. More and more farmers are apparently availing themselves of this privilege and last year more wheat was impounded than ever before. To give an idea of the size of this business we call attention to the fact that the largest wheat loan in Kansas was $139,237, the second largest was $125,198. These loans do not reflect a true condition, as average loans for the state amounted to only $1,525, but nevertheless, when they are all added together they count up and do much toward creating an artificial situation. CCC figures show that the largest cotton loan was nearly $1 1/4 million; that was in California. However, we have had some pretty large loans in the Mid-West. For example, in Missouri the largest loan was $643,993, all of which indicates that the government has a lot at stake. In North Dakota the largest wheat loan last season was $127,281, and the second largest was $84,935, while the average for the state was $2,890.

As a result of the accumulations that take place, the secondary consequences are also of importance, and we have just seen that a group of prominent grain men have just met at the White House with Mr. Clarence Francis, President Eisenhower's Special Consultant on disposal of surplus agricultural commodities. The conclusions were that it would take three to four years to dispose of the excess surpluses of wheat abroad, and this is not surprising to us as we have commented onthe subject so often.

We noted this morning from a U.P. dispatch that the Agricultural Department hopes next week to offer corn and other government-owned grains for export at world prices in another move to unload record high federal stocks.

It is difficult to say how much influence this is going to have marketwise, but at least the threat of selling more grain is already regarded as a little bearish and it may have been responsible for some of the selling today.

Primary receipts of wheat were nearly 1 million bu, which was slightly less than last week, and compared with 600,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 227,000 bu.

There was some export business reported in wheat, Greece having taken about 2 cargoes via the Gulf, but apparently this did not have much influence on the market. There was some comment on the improved weather, and generally speaking yesterday's advance had weakened the technical position of the market, and apparently a good many shorts had covered, while new investment buying lagged today. There was a little flour demand, but business on the whole could only be regarded as fair. Corn seemed to be a little firmer than wheat, despite an announcement from Washington that consumption of feedstuffs for the first half of the 1953-54 season was the smallest since 1949-50. The total is less than 8.9 million tons. Some corn export business was reported to the Continent, but evidently only a small parcel was involved. There was also a report circulated that the U K had purchased a cargo of old-crop beans for May shipment via the Gulf. Corn planting has been accelerated at a record rate in Iowa during the past week. It is thought that about 3/4 of the total corn acreage had been planted by May 17th. This is the greatest progress for this date since weekly crop progress records were started in 1946.

Today was the last trading day for May contracts. Owing to the fact that a good many people waited until the very last we had an extremely wide range in May beans. It amounted to 9¢ per bu, but the fact that some quotations were so much higher caused great strength in the July future also. May wheat closed on a 2¢ range, and there was a fair premium over July, which is not too surprising in view of the delicate balance of cash wheat in this market. May oats made a new high and closed around 80¢ per bu. The near-by delivery showed a big premium over later months. Corn was also erratic, and there was nearly a 3¢ range on closing quotations, but some figures showed a slight discount under July compared to a premium which had existed previously.

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CHICAGO, 4

May 20, 1954

The Commodity Credit Corporation is authorized by statute to have total borrowings outstanding and obligations to purchase up to $8 1/2 billion at any one time. This includes price support programs. There are altogether four commodities: namely, wheat, corn, dairy products, and cotton, together with cottonseed oil, which account for, roughly, nine-tenths of more than $6 billion currently invested by the government in all of its price-support operations. It is important to realize that more than half the nation's 5 1/2 million farm operators either do not produce these four commodities at all, or else market such small amounts that they derive very little in the way of price-support benefits. Despite the vast amount of money that was tied up under the program, we find that average prices received by farmers on April 15th were considerably under the parity price for almost all commodities involved. The one exception was hogs, which averaged 26.60 against a parity price of 20.80. On the other hand, wheat prices per bushel were 44¢ under parity, corn 37¢, peanuts about 2 1/2¢ per lb, cotton nearly 4¢, potatoes about half the parity level, beef cattle $4 per hundred pounds under, calves $5.30, and so on down the line. Under the circumstances it is quite obvious that supply and demand is still more important than artificial stimuli even though huge amounts of money are paid out in an effort to bring about relief. Two years ago hog prices dropped to about 75% of parity. They stayed low throughout 1952; so farmers cut back farrowings sharply. Hog prices responded rapidly, and as a result farmers have been receiving 122% of parity in recent months. Had the government stepped in with a price-support program in 1952, as some people had urged, warehouses today would probably be bulging with hams and bacon, and the result might have been that prices would be lower.

Before our market opened this morning there was not much to guide it. The evening-up of May contracts is already forgotten. Most cereals and commodities now will have to fall or stand on their own merit. There was very little in the weather news. It was cool and clear in most localities but some moisture is likely for western Texas and western Kansas, which should prove helpful.

During the past week shipments of wheat and flour from this country amounted to 3.6 million bu, according to figures compiled by Broomhall. The total since July 1st is 169 1/2 million bu compared with 301 1/4 million a year ago. The over-all export picture is not too optimistic as the five principal exporting nations have shipped only 496 million bu, since August 1st compared with 661 million bu a year ago. It still looks to us as though we would have a carryover reserve on July 1st of 850 to 875 million bu, which would compare with an average wheat crop before the war of only 740 million bu. In other words, we shall have more on hand without raising a single extra bushel than we used to produce. Thus there seems little hope of cutting our reserves during the next year or so.

According to the Cargill Crop Bulletin, seeding of spring wheat and small grains in the Canadian Prairie Provinces has been under way for the past ten days, following record low temperatures in sections during April and early May. Surface moisture conditions are considered generally favorable and subsoil moisture is fair to good.

Primary receipts of wheat were just about 1 million bu, which was similar to the amount last week, and compared with 1.1 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 404,000 bu. When the open interest sheet was published this morning it showed that there are still over one million bu of soybeans which will have to be settled through delivery. Elsewhere the amounts are smaller, but in wheat the figure is 750,000 bu.

There wasnothing very much to stimulate new interest in markets. Some selling came into July wheat, while the amounts were not heavy it took the edge off the market. Small to modest amounts of hard winter flours are being sold from day to day, according to The Southwestern Miller, but bakers are still very cautious. We heard nothing further on possible government selling of surplus stocks of grains. This apparently caused quite a bit of liquidation inthe Winnipeg market yesterday, as it looked from their point of view as though they would have heavier competition.

Several parcels of new-crop soybeans were sold to the Netherlands overnight; this was for October and November shipment. It was also reported that Israel was requesting an offer for a cargo of new-crop beans tonight. The bean market did not hold as far as the old-crop futures was concerned, but apparently a little support is coming into the later deliveries as a result of the export inquiry.

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CHICAGO, 4

May 21, 1954

Late yesterday the government announced that the Agriculture Department would offer government-owned corn, as well as barley, oats, and rye to commercial exporters at prices ranging from 10 to 15¢ below the domestic level. The new program is expected to reduce surpluses that have been built up, and the Department will start taking offers from exporters after the close of today's market. Rye will be offered 10¢ a bu below the domestic price and the other three grains at a discount of 15¢ a bu. The immediate effect was, of course, weakness in Winnipeg, and we understand that the announcement has disrupted their foreign trade as people abroad have no way of knowing whether the U. S. will make further concessions. We had a number of cables this morning from Liverpool asking our opinion. Of course, we could only guess as to what might happen in the future, but apparently it shows what develops when any government accumulates the enormous surpluses that we have on hand, particularly since the 162 million people at home can only eat so much food, and even a drop in price might not make too much difference in domestic consumption.

There was nothing particularly new in the overnight weather except possibly that the cold spell is over and from now on we should be in for a period of higher temperatures. It is also likely that some rains will occur in western sections of the Southwest and in parts of our spring wheat districts. Some of the reports that have been coming in show apprehension as to surface moisture, at least over parts of the corn belt. It may take better moisture than we have had to germinate the seed, although our own weather man feels that by Sunday there may be some relief in those sections. Meanwhile, it should be considerably warmer by Saturday or Sunday.

Broomhall stated that the new wheat crop in Italy is expected to be about 294 million bu, which would compare with a harvest last year of 332 million bu. This, of course, shows quite a reduction and is significant as other parts of Europe may have smaller crops also. Nevertheless, the Italian carryover is estimated at nearly 74 million bu, so that the total supply situation in that country would give wheat in all positions at about 368 million bu, which is well in excess of normal requirements.

There is still optimism with respect to our winter wheat crop, and although the abandonment may have been heavy in certain districts that had sustained the prolonged drought, there are at least moderate yields expected in a few sections that had been considered pretty hopeless. Private authorities are now confident that yields will be sharply above the official May forecast, but at the same time the price of new wheat is so far below the loan level that we do not look for much pressure except in extreme cases where storage space cannot be found in order for farmers to take the loan. With the wheat that the government has moved out of storage in various parts of the country, and the smaller crop the space problem may not be as serious as it was last season, particularly in view of the new construction.

Primary receipts of wheat were 910,000 bu, which was a little less than last week, and compared with 1.4 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 412,000 bu. When the visible supply is posted on Monday it will compare with a decrease of 1.2 million bu last year.

The wheat market was quite strong early, but later reacted. There was no special news, except the fact that there are a few complaints that the topsoil is drying out in parts of the Northwest, but up to the present time nothing serious. Late in the session there was a report from Geneva that the Nine-Nation Indo China Peace Conference, including the Communist Bloc -- approved a big power agreement to start drafting the actual terms of a cease-fire for Indo China's war-torn state of Vietnam.

There was not much feature to the corn market, but the government now estimates that on October 1st the carryover reserve will be 950 million bu, which would be a record for all time; it would compare with 769 million bu a year ago, and 486 million bu two years ago. New crop beans were relatively firm on reports of export business for October-November positions. A cargo was sold to Israel. On the other hand, there was some liquidation in the July future, and new buying power was not sufficient to take care of same.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

May 24, 1954

Since pre-war years world population has increased by about 15%, and during the same period world food production has increased only 10%. Unless one knew better a conclusion might be reached that the surplus situation might be cured before long, particularly if these figures were projected in the same ratio into the future. The great trouble, of course, is that we have distribution problems, and unfortunately some of the neediest countries are not getting nearly the amount of food they could use, and in fact, partial or actual hunger prevails in parts of Asia even at this time. Supplies of wheat on May 1st in the U. S., Canada, Argentina, and Australia for export or carryover totaled 1,814 million bu. This compares with 1,377 million bu for the same period last year and 748 million bu two years ago. Thus it can be seen that wheat surpluses are piling up in these four countries, and we have more than twice as much available at the present time as was on hand two years ago. Exports of wheat and flour from those four nations from the beginning of the season through April 30th totaled only 421 million bu compared with 578 million bu last season, and 661 million bu in the same period of 1951-52. So there may be further accumulations unless either smaller crops are raised or unless importers are able in some way to use and to consume larger quantities from the outside.

Before our market opened this morning there were reports of very beneficial rains over large parts of the country. In the Northwest there was an average of nearly 1/2 inch rain and precipitation extended through Iowa, central and western Kansas, western Oklahoma, and the Texas Panhandle. Several people who covered a large part of Kansas since last Friday have reported a marvelous recovery during the past few weeks. Some have now raised their sights, and believe that Kansas has a possibility of producing 170 to 175 million bu wheat. In Oklahoma the moisture ranged from 1/2 inch to 4 inches, and quite a few stations had precipitation of 1 to 2 inches, which is certainly encouraging. There was also some nice rainfall over the week-end in the Canadian Provinces, while tonight or tomorrow we expect rains over Indiana and Illinois and that should prove very beneficial for corn and beans as there has been a moisture deficiency of about 2 inches in these latter areas.

There was heavy selling of soybean meal this morning on an unconfirmed report that the government is going to cut its selling price of dried milk $20 a ton. This naturally had most influence on July soybeans, although when it weakened the new-crop futures were also influenced. According to one authority at the University of Illinois, who is a specialist in soils physics, there should be no serious moisture problem if normal rains fall from this time onward. Subsoil moisture is still deficient over wide areas, and undoubtedly we must have good rains.

Chicago wheat stocks decreased 440,000 bu, but still leaves over 8 million bu in this market. There was a local decrease of 500,000 bu in corn stocks, and this reduces the supply to 3.3 million bu. Oats showed only a small decrease, but there is only 945,000 bu here. There is still 7.6 million bu rye in Chicago. Beans are about the same, with 3.6 million bu held locally. When the U. S. visible of wheat was posted there was a very small decrease; total stocks of 273.6 million bu are nearly 85 milli on larger than a year ago. Corn decreased 1.3 million bu, oats increased 118,000 bu, but the total in all positions is only 3 1/2 million bu. The bean visible of nearly 7 million bu compared with 5.3 million bu last season.

The market opened rather firmly, for wheat and corn, but improved weather and weakness at Minneapolis were factors, although market recovered late in the day, but trade on the whole was extremely light. Flour buyers were still in a waiting mood, and there is some resistance to new purchases. Corn was without feature of any kind. Premiums in Chicago are holding pretty well, but hardly any sizeable business seems to be passing. Old crop beans were disappointing and with some liquidation coming in lower prices were again witnessed. We heard late in the session that the government will not reduce its selling price of dried milk.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

May 25, 1954

As we have pointed out frequently, price alone is not a criterion of farmers' welfare. Some producers can make money by raising wheat at $2, and others who are less efficient have greater difficulty. In the same way there are farmers who are doing pretty well even though wheat, corn, and cotton are selling below parity levels. In our opinion, it is a much sounder practice to try to figure out whether farmers as a whole are earning enough on their invested capital. We realize that in doing this the small producers are at a disadvantage as compared with the larger ones, but yet by taking the entire industry as a whole, we find that farm assets of every description amount to $156 billion. Debts including mortgage obligations and loans against farm machinery, etc. amount to $16.7 billion. Thus farmers of the U. S. have total assets of about $139 billion. Last year they retained about $12 1/2 billion of the $35 billion that was taken in from all sources, or in other words, they made about 9% on their investment. The story, however, should not end here because a certain amount of food was taken out for family purposes, also farmers had free rent, and that part of the expense thus absorbed was not subject to taxes. It would appear, therefore, that even though realized net income has been sliding since 1947, and even though production expenses have been going up rather constantly, the farmer is still in fairly good shape.

When our market opened this morning wheat prices were rather firm and there was no special news, although some additional rains were reported in the Southwest. This included Texas and Oklahoma, but unfortunately the corn belt received very little moisture. As a matter of fact, northern sections of Illinois and Indiana were entirely skipped, and it does not look as though there would be immediate relief for those areas, although a little more rain is likely for the southern half of the corn belt but not too much precipitation is in sight.

According to private crop reports the past week was generally favorable for the completion of seeding and for crop growth in spring wheat districts. Week-end rains relieved apprehension over drought conditions, but unforunately the volume of rainfall was somewhat spotty, ranging from .2 inch to nearly 1 inch at some points.

Trade is watching with interest any action on part of the government in conducting its export program at price concessions. Apparently a cargo of #2 Yellow corn was sold by Commodity yesterday to a local exporter at 11 1/4¢ over our July, FOB Baltimore, for first half June shipment. We also heard that Japan had purchased 3 cargoes Canadian wheat but the big business in U. S. gulf wheat, which so often takes place at this time of the season, is extremely disappointing, and in fact, commercial business generally provides very little hedge lifting to encourage traders.

A few cars new wheat, the first of the season, reached Fort Worth, Texas. Therefore, it is apparent that rains in that State came too late to do very much good.

Primary receipts of wheat amounted to 1,270,000 bu which was almost exactly the amount that we had a week ago, and it compares with 1,473,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 47,000 bu.

Trade was again very light in the wheat pit, first prices were higher, and there was a little outside buying, but apparently small selling orders cut gains, with the result that best prices were not maintained, and at the close was lower. There was also a little profit-taking in corn, but nevertheless the market had a firm undertone, and there seems to be no appreciable country selling. July beans were strong. They have had a rather thorough house-cleaning, and with meal prices somewhat higher, beans responded quickly; the deferred months were also stronger, and it is fair to assume that there will be some export business from time to time, which will require purchases of new-crop futures. Contract stocks of wheat declined somewhat during the week, leaving 6,4 million bu in the total. Mills are doing an extremely small flour business, and even spot shipment orders have fallen off.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 May 26, 1954

There were a good many postwar years when European and Asiatic demand was so heavy that U. S. exports of wheat and flour amounted to a figure of 400 to 500 million bu annually. Of course, at that time it hardly required any government support or even the assistance of a loan program to keep prices relatively high. What actually took place was that the equivalent of all the wheat raised in Texas, Oklahoma, Kansas, and Nebraska was shipped abroad; in other words, about one-third of our domestic production. Those days, however, are past, and we are finding that at the present time it is difficult to ship more annually than about 200 to possibly 250 million bu from these shores with the result that even if the next wheat crop is substantially reduced to a total winter and spring wheat yield of, say, 930 million bu, it will still be enough to take care of home requirements, plus exports. Consequently, we see little likelihood even with the reduced acreage and a relatively small winter wheat crop, of improving our statistical position one year hence. The fall months were not at all propitious for the winter wheat crop. We had a period of three to four months when hardly any rain fell. Since that time, of course, there has been abundant moisture, but apparently it came too late to help the Texas wheat crop to any extent, although improvement has occurred in states farther north.

Before our market opened this morning we had reports of precipitation in the Southwest and the weather map appears to have become unsettled again. Chances are that there will be more rain in the winter wheat belt, also over the corn belt and in the Northwest. With this situation it is very difficult to expect much support in wheat even though prices at the present time are far below the loan level. On the other hand, beans were influenced by the Census Report and soybean crushings, while smaller than a year ago, were still quite large considering the relatively small amounts of beans that remain in the country. It is true that stocks held by processors are almost as large as last year, within about 2 million bu, but in other positions there are no big surpluses and it looks to us as though there will be a fairly close adjustment before another harvest.

State reports are mostly on the favorable side and in Kansas it is claimed that favorable weather was generally ideal for filling of heads. Rather cool temperatures on several days have allowed good development of the crop in comparison with a year ago when hot weather during late May and early June forced maturity. In Missouri winter wheat is about three-fourths headed, while only about one-fourth had headed on this date in 1953. Nebraska has also been favored by good rains that occurred around the middle of this month. This was the first substantial moisture that southwestern Nebraska has received this year. The wheat crop generally has improved and the crop had started to head last week in most of the two southern tier of counties. While weather in Canada has been on the cool side, we did receive a wire this morning from Winnipeg stating that the Saskatchewan Pool Elevator showed seeding completed as of May 21st, as follows: wheat 74%, oats 32%, barley 34%, flax 13%.

Primary receipts of wheat were just under the million bushel mark which was about the same as last week and compared with 760,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 85,000 bu.

Trade was not particularly heavy but at least there seemed to be some moderate support in the wheat market on breaks and we believe that such buying is inspired by the fact that a fairly large percentage of the next crop may go into the loan and while there may be some storage difficulties, nevertheless, the situation is not too acute and we feel that there will be a decided holding tendency.

Milling demand is still rather slack and while there are a few good sized flour orders placed from time to time, there is nothing constant in the business so that on the whole, commercial demand is still very slow.

There was further weakness in hog prices but this did not affect the lard market in the least and there is some talk that the United Kingdom may purchase refined lard. Beans were not too actively traded but there was some buying of the July future, although the deferred months were lower. There is some talk of dry conditions over the belt, although showers are expected, and we could easily see how this situation might be cured.

Corn was indifferent. There was no feature of any consequence. The country is still not offering much, but on the other hand, the demand is also slow.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 May 27, 1954

President Eisenhower called in Agriculture Secretary Benson and the top four Republican members of the House Agriculture Committee for a talk on farm problems, and we are told the discussions lasted for hours. We do not know what transpired but can easily imagine that the question of surpluses must be one of the paramount issues. For example, the 1953 milk production went to a new high record of 121 billion pounds. This was 1 1/2 billion pounds more than for any previous year and more than 6 billion above 1952. In contrast American consumers, per person, drank only about the same amount of milk as in 1952 but ate less of other dairy products. The result was that the government during the past year bought the equivalent of more than 12 billion pounds milk under the price-support program. The volume of commodities purchased were: (1) Butter, 380 million pounds, which is about one-fourth of all the creamery butter produced in the marketing year; (2) Cheddar cheese purchased amounted to 455 million pounds, nearly one-half of all the cheddar cheese produced; (3) non-fat dry milk, 667 million pounds, more than one-half of all the production. When this is added to purchases during the previous marketing year, it brought the government purchases of the three products during the last seventeen months up to 2 billion pounds. Obviously, such a program could not be continued forever without bringing about a chaotic situation with tremendous spoilage, etc. Under the Agricultural Act of 1949, the government is required to support dairy products at a level from 75 to 90% of parity. The Secretary was criticized for reducing the supports to the minimum but apparently action was needed in order to try to get more of these products into consumptive channels. The export outlets have been limited and even donation programs failed to absorb substantial quantities of surpluses that had moved into government hands.

The weather map this morning was quite wet and in addition to rains that had been reported in the Southwest it seems that we had them, also in our spring wheat areas, and in fact, rains were general in Western Canada, but the latter will probably further delay seeding operations. The corn belt has had some showers and chances are that more rains will fall in those areas today and tomorrow, probably clearing by Saturday.

All this had a somewhat bearish influence on markets. July wheat was under some liquidating pressure and corn and bean prices declined. There were increased bookings of corn by barge to Chicago and advices told of central Illinois offerings being more plentiful, but at considerably higher prices than the Chicago price, which was $1.52 to the country elevator.

New York wired that a cargo of milo had been sold to Israel, but otherwise it was rather quiet in exporting channels except that the U. K. had purchased a few small parcels of corn and is inquiring for barley. CCC last night raised its export offerings on corn by 1¢ per bu to 12 1/4¢ over July FOB the Atlantic, first half June shipment.

Primary receipts of wheat amounted to 1,240,000 bu which compared with about 1 million bu last week, and 1,411,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 72,000 bu.

Trade in wheat was quite dull, but there was some local pressure, and prices continued downward. There was hardly any commercial business, and as we have mentioned, exports are very small for this time of the year, plus the fact that flour sales are extremely poor and it is rather difficult to interest buyers at the present time. Moreover, a good many people are figuring that the crop has improved and as a result there is no speculative enthusiasm. Beans also turned weak, but there was some support in July as the market declined, and trade was not particularly heavy. It still appears to us that the adjustment is going to be a rather close one, and for that reason we feel that the July future could do better. Corn was extremely indifferent, and the spot premium for cash was 7 1/2¢ over July, but with general dullness a few small selling orders brought about minor setbacks.

Lard futures were strong early, but later reacted. Hog prices were steady, but some of our friends at the Stock Yards feel that hog prices may gradually recede. Marketings today were somewhat reduced, and this helped to steady the price.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 May 28, 1954

There was considerable rain again overnight. In parts of Illinois they had from 3/4 to 3 inches, and there was further relief in sections of the Southwest that had been so dry, while the spring wheat areas were also benefited. There was nice rain in Canada, as well as in our Northwest. As a matter of fact it looks as though there might be some acreage cut in the Canadian Provinces owing to the fact that the season is getting late and moisture has delayed field work. Apparently the drought in Texas, Oklahoma, New Mexico, Colorado, and Kansas has been broken but not before great harm had been done to many of the farmers and ranchers in that territory. In order to carry on their operations during the dry spell, the Department of Agriculture loaned them $89 million; more than $43 million was spent in an effort to supply feed at costs far below market levels. There is no question that programs of this kind help cattlemen over a rough spot on the road.

In one more month the 1953-54 wheat crop season comes to an end, and as far as we can judge total disappearance during the current twelve-month period will amount to 860 million bu compared with a billion bu the year before. Most of the drop from last season is due to reduced exports. Thus it looks as though we would have a carryoverof 875 million bu on July 1, 1954, which would be far above the record of 631 million bu on July 1, 1942. Last season's reserve was 562 million bu and the ten-year average amounted to only 298 million bu. It is expected, however, that almost all the wheat in the reserve stock will be held by the CCC or under re-seal programs.

On June 10th, we shall have the first estimate of spring wheat production, and a figure of about 225 million bu is expected. The last winter wheat forecast was 707 million bu, as of May 1st, but the chances are that there will be some upward revision because of propitious weather and improvement has been reported from almost all sections of the country. Consequently we may finally have in excess of 930 million bu for the total winter and spring wheat crops. Even if there is no increase there seems little likelihood of cutting our surpluses one year hence, as 930 million bu will probably be sufficient to take care of domestic dissapearance plus exports.

Late yesterday an announcement came from Washington that the Department planned no major change in selling its surplus wheat abroad. Some people had feared that price concessions might be offered foreign buyers as had been the case in rye and feed grains. In the new marketing year, as in the past one, all government wheat sold for domestic milling and food purposes may be at not less than the minimum set by law, with no price reductions for price of old wheat. This probably created a little more confidence this morning, and we now observe that Canada and the U. S. have arranged for a new grain price discussion in Washington. Apparently Canada has become somewhat alarmed over our aggressive policies in trying to cut down surplus stocks. In any case government-owned wheat for export will only be sold at the domestic market price less a government subsidy or export allowance, which will be the same as that provided for wheat that is shipped under IWA. The one thing from which the market is suffering at the present time is lack of foreign demand, as generally at this time of year numerous sales are being placed on the books. CCC last night reduced its export corn offers 1/2¢ to 11 3/4 over, and we understand that they reduced Minneapolis and Duluth prices 1¢ per bu also.

Primary receipts of wheat were a little over 1 million bu, which was somewhat larger than last week, and this compared with 1 1/2 million bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 234,000 bu. Whenthe visible supply of wheat is posted on Tuesday it will compare with a shrinkage last year of 1 3/4 million bu.

Trade was very dull. There was a little firmness in wheat, and according to The Northwestern Miller, the Department of Agriculture will shortly ask for further expansion of commercial grain storage space by 100 million bu., offering the same incentives such as occupancy guarantee and amortization as previously. Later the CCC is expected toannounce that it will request bids on an additional 100 million bu of temporary bin storage. It is expected that the commercial program will be announced next week. Thus, there may finally be much more storage space, so that farmers can avail themselves of the loan on a bigger scale.

Japan bought 5 cargoes of soft wheat via the Pacific, and a cargo of dark northern spring, but this had very little influence marketwise.

Corn futures were weaker, but there was strength in July beans, but the deferred months were indifferent and closed somewhat lower.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 1, 1954

A month from today we will start our new crop-year for wheat. We will enter the new season with a record carryover of about 875 million bu, which would compare with the second largest carryover of 631 million bu in 1942. So if we do not raise a bushel of wheat in the 1954-55 crop-year, we would have sufficient supplies on hand to take care of a year's requirements for both domestic and export business, provided, of course, ways and means are not found to increase our sales abroad. At the moment this does not appear very hopeful, with the return here this week of trade salesmen for the Agriculture Department, who gave a rather dolefull recital of unfavorable conditions surrounding our export business. The truth of the matter is that world production in wheat is up, while world trade in wheat is down, and unfortunately the U. S. has probably suffered the most from declines in export. It is estimated by one source that world trade is down 16% for the past season, while U. S. exports of wheat are down 40%. As of the week ended May 25th, we had shipped 101.3 million bu under IWA compared with 229 million bu for the same period last year, leaving the balance for sale under the quota as 108.2 million bu. It is reported that Italy, Sweden, and India have intimated to the Council their inability to take up their quotas in the present cereal year.

As Broomhall points out, the decline in world trade is shared by those exporters signatory to the International Wheat Agreement. Shipments from Argentina and Turkey are in advance of last year's totals, while from the Danube and Russia the movement is approximately the same. The same authority points out that the structure of domestic price-support systems in both the U. S. and Australia has been founded in some degree at least on the theory that the maximum IWA price could always be obtained for the annual quotas. It is true that the Canadian Wheat Board has made some concessions, but the feeling has prevailed that to reduce the price to the IWA minimum would be too great a confession of weakness, and it would be impossible to work the full quantity at the minimum unless over 90% of the consumer demand was represented in the IWA.

According to Washington advices, CCC is asking for an expansion of grain storage facilities by an additional 200 million bu, of which 100 million would be in the form of commercial, country and terminal storage, and 100 million bu for CCC account. They have also announced that a limited price support recourse loan for a temporary period will be made to wheat farmers where regular storage facilities are not available and where it is feasible to store wheat on the ground or in temporary structures during the summer months. These loans, the same as they have been the past few years, will be 80% of the applicable price-support rate where the wheat is located, and also, with the understanding that suitable storage facilities will be found within a period of 90 days. CCC has also announced that their stocks of wheat will be withdrawn from the market at the onset of the harvest in the main wheat areas of the Southwest. This policy may lead to some hardship on part of flour mills for export under GR 262, as it will cut off the U. S. flour millers from world markets outside the International Wheat Agreement, and leave the doors open for Canadian mills which may obtain wheat under the class two price.

Primary receipts of wheat today totaled 3,431,000 bu vs. 1,270,000 bu a week ago and 2,148,000 bu on the comparable day of last year. When the visible was posted wheat showed a decrease of 2,068,000 bu, leaving a total of 271,580,000 bu, which is approximately 81 million bu more than a year ago. Chicago stocks decreased 337,000 bu, leaving 7,840,000 in this market. Corn in Chicago decreased 268,000 bu and beans 137,000 bu.

Rainfall was more or less general over the holiday period, being heavy over Nebraska, Iowa, Missouri, Illinois, and Ohio. The five-day forecast suggests further moisture in another few days east of the Mississippi; so all in all, the droughty condition through the corn-bean territory has been greatly relieved.

Wheat was under pressure during the session. There were some scattered returns of new wheat in the Fort Worth area although harvest in that territory will probably not be in full swing for another week. However, over the week-end premiums at the gulf broke by as much as 9¢ per bu.

CCC sales of corn for the week ending May 21st totaled about 6 1/2 million bu, of which slightly over 1 million bu were for export, the balance for domestic consumption, of which approximately 4,800,000 bu represented the 1948-49 crop of corn.

July beans were up the limit and show close adjustment between supply and demand.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 2, 1954

The writer had the pleasure of hearing Secretary Benson deliver one of his most forceful addresses in behalf of flexible price-supports, when he spoke at a luncheon yesterday before the Chamber of Commerce at St. Louis. He pointed out that the platforms of both major parties had endorsed this principle in 1948, and that these recommendations were embodied into law in that year and in 1949. Mr. Benson stated emphatically that he had never advocated any program or policy which was not in the best interest of farmers and farm people regardless of political pressure. His reason for believing that the present program could not work was because of the accumulations that were taking place; CCC at the present time has approximately $6 1/2 billion invested in farm price-support operations. By July 1st he believes that our wheat carryover will be more than triple what it was in July, 1952. By next August our carryover of cotton is expected to be 3 1/2 times the level of August 1952. The carryover of corn next October is estimated at 950 million bu against 487 million two years earlier. Thus in two crop years we are adding 463 million bu to a carryover which was already more than ample. All these factors in his opinion require sober thinking and need correction.

The eating habits of the American people have changed considerably in recent decades. The poundage of food consumed per person is about the same but the quality of the diet is different, and last year, for example, Americans consumed 223 lbs per person more of such foods as meats, eggs, fish, dairy products, fruits and vegetables than they did in 1909. On the other hand, they ate 222 lbs less of grain products and potatoes. "This", said Mr. Benson, "is indicative of the kind of foods American buyers want."

During the current season slightly more than half the 1953 flaxseed crop went under government loan, 47% of the 1953 wheat crop was impounded, 41% of the cotton crop and 29% of the peanut crop were placed under price supports. Mr. Benson contended that if we continue to accumulate surplus stocks at the same rate during the next year as we have in the last, a further increase in borrowing authority will be required.

Before our market opened this morning there had been some good rains reported in the Southwest again, the heaviest was over 1 inch at Topeka, Kansas but the map is still wet and it looks as though the corn belt would receive further precipitation by tonight or tomorrow. This created a somewhat bearish influence on wheat, as crop reports generally indicate improvement, and the Peavy report on spring wheat is likewise favorable. They say they do not recall a previous instance where surface soil moisture was so uniformly good across the Dakotas and Minnesota On the other hand subsoil moisture conditions are deficient in many areas, but for the present the grain crop is making very satisfactory growth and progress.

Very little export business was reported overnight, despite the fact that CCC reduced its price for #1 hard wheat by 10¢ a bu at the gulf under GR-261.

Chicago elevator interests are getting inquiries for soybeans for shipment out of this market, but business is limited as a large quantity of soybeans in their elevators are owned by holders of warehouse receipts or else are earmarked for processing activities. New wheat is coming into Enid, with 20 new cars in that market this morning; test weight is running quite high, with average moisture 13.1%.

Primary receipts of wheat were 1,591,000 bu, which compared with 977,000 bu last week, and 947,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decreaseof 21,000 bu.

It was again one of those days when commercial demand was very dull. Ordinarily at this time of the year we are getting export business which takes hedges out of the market against shipments that are made when new crop wheat is harvested, but at the moment this type of trade seems to be lacking. Flour business shows no pick-up whatsoever, and according to The Southwestern Miller, mills do not anticipate any marked increase for the immediate future. Possibly there is a feeling that there will be a further readjustment from old to new crop basis, or at least from a tight situation with respect to old crop supplies, to a more plentiful situation if new crop grain comes out. Beans had many advances, and likewise a good number of reactions. The undertone, however, was firm early with respect to the July future, and there was an unconfirmed report that a rather large quantity of beans had been sold from this market yesterday, which we found impossible to establish. Late selling caused the decline. July corn was firm, and seemed to gain further on the more distant futures. There was no particular feature, but the country is still not in a selling mood.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 3, 1954

Shortly after our market opened this morning, the Galvin report was published and it indicated a winter wheat yield of 730 million bu and spring wheat production of 244 million bu. Thus a total crop of about 974 million bu is in sight, and this again will probably be more than is needed in the coming year for combined exports and domestic consumption. As Secretary Benson has pointed out effectively, we have been pricing ourselves out of world markets, and it seems that even with the subsidy shipments from this country are falling off. US Exports of wheat outside of the International Wheat Agreement during the last two years of the pact dropped from 220 million bu to only 64 million bu. At the same time Canada's non-quota sales jumped from 105 million bu to 161 million bu. So it is quite apparent that we are not going to improve our statistical position even with the reduced acreage that has occurred.

According to the expert whose figures we have given, acreage of all spring wheat is estimated at nearly 17 million compared with virtually 22 million seeded last season. The ten-year average was slightly over 20 million. However, the condition of the crop is relatively high and stands at 88% of normal, which is slightly lower than last year but compares with a ten-year average of 83%. The oat crop was estimated at 1,443 million bu vs only 1,216 million bu last season, and a ten-year average of 1,324 million bu. There is not much reduction in the corn acreage, and indications are that about 81 million acres have been or will be seeded. This, however, is a reduction from the 87.3 million bu planted during the ten-year period. Producers generally have not complied with the government allotment that called for a 17.4% reduction.

Sunshine and warmer weather would be beneficial and in one respect it looks as though half the request would be granted as clearing conditions are apt to set in by tonight, following a heavy deluge of rain which has occurred pretty generally over the corn belt. In fact, it looks as though the rains were pretty much over for practically all sections of the country.

Late yesterday the Department of Agriculture said it would halt its program of offering corn and other feed grains at cut prices to foreign buyers as soon as the new crops started moving to market. However, the officials emphasize that the sale of government wheat overseas at reduced prices would continue indefinitely. There is hardly any wheat being sold for export, and this is a disappointing factor, although the U. K. and the Continent bought some parcels of corn out of Montreal.

Weather in Canada has turned a little more favorable, but it is rather late in the season now, and, therefore, will not be of too much help insofar as wheat seeding is concerned. Whenever Canadian crops are sown late there is the danger of a frost overtaking the crop in fall. According to the Dominion Bureau of Statistics rains over most of the Prairies have further delayed completion of seeding of grains and flaxseed. Actually snow has fallen in limited areas of Northern Manitoba and Saskatchewan, and chances are that what acreage is lost to wheat may go into coarse grains or flaxseed.

Primary receipts of wheat were somewhat smaller and amounted to 792,000 bu, which compared with 1,240,000 bu last week, and 1,734,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 8,000 bu.

Wheat prices were weak early, possibly in response to an increase in a private estimate of the crops, raising the wheat total by 45 million bu above the month earlier. However, there was some short covering, and there is general realization that while wheat in the Southwest is moving, pressure is not heavy, and farmers will try in every way possible to obtain theloan. Beans also turned strong, the July future particularly. There was a report that a sale had been made from here, and also a report from New York that Formosa was asking for a cargo of beans for June shipment and also one for July. This apparently had a stimulating effect. Corn prices ruled higher, and there apparently has been a sleeping short interest in the market, and it did not require very much buying to bring about higher prices.

Flour business is still very poor, and there is no encouragement from that source. Ordinarily at this time of the year we would be selling some wheat for export, but extreme quiet in foreign sales, while discouraging, does not detract from the fact that government selling probably will continue, and that some business under the subsidy should take place after wheat is harvested.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 4, 1954

While temperatures were rather cool over most of the grain belt, it appears that rains are over and that clearing conditions will set in for at least a period, with warmer weather in sight. There has been good moisture in the Canadian Provinces during the past week, and the Searle Grain Co., Ltd. report is optimistic, showing that the present moisture condition is now 101% of normal compared with 95% last week and 103% last year. The only trouble is that the season was backward and possibly a full acreage could not be planted; in fact, there are some guesses that reductions may be as much as 10%. We also heard that abouth alf a million bu wheat will gradually be moved out of Chicago elevators. We do not know the destination but it apparently indicates that there is some demand for soft wheat and even though the carryover will be the largest on record, most of it is apparently under government domination. Therefore, there could be a demand for the free wheat between now and harvest. Even after that time much will depend on the quantities that will go into next season's loan. If storage is available and the wheat is dry enough we figure that quantities will again be very heavy.

We pointed out a few days ago that the eating habits of the American people have changed considerably in recent decades. While the amount of intake per person has been about the same, we have apparently come to eat lesser amounts of starchy foods. For example, last year each person ate 222 pounds less of grain products and potatoes than in 1909, and not only have we as Americans eaten less bread, less cake, fewer pies, etc., but there have been no expanded uses for wheat such as has been the case elsewhere. For instance, in the Middle East wheat has been used by boiling it first, then drying it in the sun, removing part of the bran by rubbing, and then cracking the wheat into coarse or fine meal. The coarse types are cooked in much the same way as rice, and the finer product is cooked with meat, or eaten as porridge. The product is known as BOULGOUR. It is now processed in limited quantities in the U. S. -- hardly for general consumption but rather as a specialty product for the few Middle Eastern people who live here. Strangely enough, those living in the Far Eastern countries do not eat it.

Just recently our government has made available one-half million bu CCC-owned wheat for an experimental program, and those processors interested may participate in the manufacture of this wheat product. This quantity of wheat should keep commercial pilot plant operations supplied for about a year, and it should be sufficient to provide a check of consumer acceptance in the principal import areas where sales of boulgour would not compete with export markets for rice.

According to Broomhall, shipments of U. S. wheat and flour last week were 4.7 million bu, which is a little better than previously. The total since July 1st is 180 million bu vs. 293 million bu the year before. Our corn exports for the week were 1.6 million bu, which means that since the 1st of October 62 1/4 million bu has been shipped abroad against 98 1/2 million last season. Argentine wheat exports last week were a little over 2 million bu, and they have totaled 40 million since January 1st, or double those of last year. Not much attention was paid to Japanese purchases although 5 1/2 cargoes were involved. This was No. 2 western wheat for early July shipment. Otherwise it was extremely quiet in export circles, including flour.

Combining of wheat is now active, although some fields are not ready yet to cut. From all we can hear very little wheat is for sale as the bulk of it is going into the loan.

Primary receipts of wheat amounted to 1,150,000 bu, which was slightly larger than last week, but compared with 2 1/2 million bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 22,000 bu. When the visible supply is posted on Monday it will compare with an increase last year of 8 3/4 million bu.

Trade was not particularly heavy, but there appeared to be some week-end short covering in wheat, even though harvesting returns from the Southwest were fairly optimistic, and around Yukon, Oklahoma, it was said that yields were running from 20 to 30 bu per acre, and of excellent quality. Some now feel that the Oklahoma crop will be larger than last season.

Flour sales are at a moderate rate, with little change in the buying pattern, but The Southwestern Miller believes that bakers need replenishment, which should be a factor. Corn was quite steady and premiums are well maintained. Beans were very strong at one time, with meal prices higher. However, the market was erratic, and best prices did not hold. Two large processing plants in Chicago are closed, but the market apparently is getting support on breaks.

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CHICAGO, 4 June 7, 1954

When the writer travelled through the Argentine a few years ago, he noted hardly any tractors on farms. The reason for this was that the government disallowed imports on a big scale, hoping thereby to spread the work more equitably amongst the rural population. However, it was observed that without power driven machines, farmers were forced to work under primitive conditions, and by the same token had to provide for most of their wants through hard labor. Working periods were in many cases twice as long as in this country, while standards of living were reduced to a mere subsistence basis. In this country not only farmers but all workers are benefited by a reservoir of tremendous productivity and in industry production per worker is from two to ten times as much as that of any European worker and about thirty times that of the Chinese worker. It is not due alone to the fact that our labor force is more skilled or more energetic. Back of every production worker is an investment of about $11,000. in plant and equipment. Since the end of World War II the amount spent for these facilities has exceeded $200 billion. It is estimated that about three-fourths of the current outlay is for replacement of worn out facilities.

Before our market opened this morning there was not too much to guide it. Weather was almost perfect taking the country as a whole. It was mostly dry in the Southwest and should remain that way. There had been some fine rains in the Canadian Provinces and in our Northwest, while the corn belt is apt to experience moisture later today or during the night.

The wheat movement in the Southwest is increasing, and of the 286 cars received at Enid on Saturday, 259 were new. Sunday 480 cars wheat arrived, practically all from the current crop. Much of the wheat is testing high and the average for the past two days has been 61.6 lbs per bu, indicating good yields.

Nobody can tell at this time whether any farm legislation will be enacted to prevent the flexible parities from becoming effective next year. It appears as though the House was strongly in favor of further extension of high supports, but on the other hand the administration figures that it would be a disservice to farmers to encourage further piling up of supplies by keeping prices artificially high. Within the next few weeks there will probably be many sharp debates on this subject.

One of our friends in Canada has written us about the unsettled weather conditions in the Prairie Provinces, and while only a guess, it is felt that wheat acreage in the Provinces will be reduced by 3 to 3 1/2 million acres. However, whatever has gone into wheat up to the present time has progressed normally, and in fact, conditions are excellent, although cold weather may have retarded growth. On the other hand weather was wonderful for germinating, and a good root system and good moisture is reported in virtually every area. The Canadian demand for grain remains poor, and the wheat movement, with the exception of an occasional fair-sized sale to Japan or Germany, has been disappointing. U. K. buying is only from hand to mouth, although the last report from Belgium was to the effect that they are only using 20% Canadian wheat, which is down considerably from what they normally use. On the other hand, demand for barley has been keen, and Britain has been a good buyer; as a matter of fact, a steady business in that direction is indicated.

When the visible supply of wheat was posted there was an increase of 1.5 million bu; total stocks in all positions are 273 1/4 million bu compared with 199.3 million last season. Corn stocks decreased 515,000 bu, leaving 16 3/4 million bu in various markets, which was somewhat less than last year. Oats decreased 312,000 bu and there is less than 3 million bu in various visible points. Beans were almost a standoff, leaving 6 3/4 million bu in all markets. Chicago wheat stocks decreased 314,000 bu, corn was very little changed, oats declined to 712,000 bu, and rye showed a small decrease, but the bonded stocks improved. Chicago stocks of beans are 3 1/4 million bu.

Trade was not particularly heavy, but in wheat there was a distinct narrowing of the carrying charges, and there seems to be considerable pressure on December and March wheat, while the nearby position was reasonably firm. From one report we had from Oklahoma, there is more wheat coming on the market than is generally realized, even though a number of elevators are taking storage wheat at the present time; however, their limit may be reached before harvest is completed. Corn was reasonably firm, particularly the July future, although late in the session there was some selling in all pits. Beans were under liquidating pressure, and the market on the whole was weak.

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CHICAGO, 4 June 8, 1954

The House Agriculture Committee is starting debate on the question of the farm program, and it is thought that a recommendation may be forthcoming to continue 90% of parity loans for basic crops for at least one more year. Secretary Benson has pointed out on several occasions that there are some who say the flexible program is right but that it is poor politics. This may well be, and since 1938 we have had a period of advancing prices and rather high levels for agricultural products, but at the same time the experiment has been costly because it has resulted in back-breaking surpluses, which seem to be growing worse all the time. Unfortunately the present program misleads farmers by pledging supports which actually are difficult to provide. For example, we have an investment of nearly $2 1/4 billion to support wheat at 90% of parity. The average price of wheat is only about 80% of parity and based on new-crop futures the situation is even worse. CCC now owns or has under loan enough wheat to furnish the average family in the U. S. with 1,400 loaves of bread, enough corn for a six-month supply of pork and pork products, and enough butter for a three-month supply. These sobering facts cannot easily be condoned, but are more or less the direct results of rigid supports. Early this year Congress increased the borrowing authority of CCC from $6 3/4 billion to $8 1/2 billion. If we should continue to accumulate surplus stocks at the same rate during the next year as we have in the past year, a further increase in this borrowing authority would be required.

Late yesterday it was announced that Canada had cut its price for the sale of overseas wheat to compete with our reductions. On their three top grades of wheat for export a reduction of about 10¢ per bu was announced to meet the raise in subsidy which had been granted by our government. Whether this is the beginning of a price war, remains to be seen, but it is important to realize that if two friendly nations like Canada and the U. S., despite the many meetings which have occurred, are unable to compromise their differences, how much greater the problem must be for all the exporting and importing countries to see eye-to-eye under the IWA pact. The Canadian method of marketing has shown up rather poorly in that exporters were not able to quickly take advantage of demands as they arose. Due to political considerations every effort is being made to satisfy every farmer and equalize his deliveries as much as possible. The Ottawa government is making an effort to see that the first 5-bu quota is fully delivered and that wherever possible the farmer will be brought up to a 7-bu quota prior to the end of July. As one of our friends so ably points out, "This has interfered with the marketing of grains that otherwise could readily have been sold, despite large farm stocks." In other words, the country stations had grain but the exporters were losing business because they could not quickly take advantage of the demand; so there have been times when the business went to other countries.

Some rains occurred over Illinois, but it was mostly clear in the Southwest. However, unsettled conditions may occur again after a day or two, and some of the dry areas of the corn belt may be benefited. Meanwhile, progress of the grain crop in the Northwest continues to be favorable; early seedings have attained a height from 6 to 10 inches, while stands are generally good to excellent, with satisfactory color. Some exceptions, of course, have been noted.

Primary receipts of wheat were 1.7 million bu, only half as much as last week; and compares with nearly 2 million bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 41,000 bu. Contract stocks of wheat in Chicago are a little under 6 million bu, having decreased somewhat during the week. There is still 2.4 million bu of red wheat included in this figure.

After mid-session the House Agriculture Committee voted 21 to 8 to extend rigid 90% price supports on six basic farm crops for one year. This started a buying wave, with some short covering, and our market rallied rather sharply, although best prices did not hold. Basically, we think that any strength which may develop in wheat must stem from lack of selling pressure. In our own case we find that of the wheat we are taking in at country elevators, the bulk of it is for storage and not much being offered for sale. Of course, that situation might change if available space tightens to a point where more wheat would be offered on the free market. The deferred futures of beans were quite strong, and at one time July also rallied on a report that some shipments were being made from Chicago. Corn was not very responsive to the advances elsewhere, although some buying of the new crop future narrowed the spread between December and September. Otherwise there was little feature. Planting of corn and soybeans is virtually completed.

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CHICAGO, 4

June 9, 1954

Mr. Benson indicated that if the House and Senate approved the extension of rigid high supports for another year, he would ask the President to veto the bill. In other words, he felt that he could not recommend a compromise on a principle that was so important to agricultural interests. He has held right along that if $2 1/4 billion invested in wheat is not sufficient to keep the market from declining, there is no assurance that even $4 billion or $6 billion might do the job.

We are confronted with a carryover reserve on July 1st of 875 million bu, which would be a record for all time, and all this is indicative of how under artificial stimuli surplusses accumulate. It is important to remember that nearly 60% of the cash receipts of our farmers come from commodities which are not under price supports. It is equally important to remember that through the last twenty years the price of these non-supported commodities had actually averaged higher in relation to parity than for the supported commodities. In the end the wheat grower might very well wind up in the same position as the potato grower did in 1950, with no program at all and a very depressed economic situation. After all, only 23% of the farm income is derived from the six basic commodities that are now supported at a rigid 90% of parity basis. Four commodities account for, roughly, nine-tenths of the government's cash outlay for direct price supports and yet the problem has not been solved except that on that part of the grain or commodity which has gone under loan, the farmer has done comparatively better in many instances than if he had sold on the open market. In too many cases, Mr. Benson points out, rigid mandatory programs are either encouraging or forcing bad farm management. The Secretary further asks: "What is so good about a program under which farm income has declined for five out of the past six years? What is so good about a program that literally robs a farmer of some of his traditional markets and turns them over to less costly substitutes while government regulation and control of his industry increases?" Lastly, "How can anyone rightfully say that the way out of our problem is to take a bigger dose of the same program that helped create these problems?" Thus he concludes it is self-evident that a change for the better is needed.

There was not much news before our market opened except that the weather map looked unsettled and chances are that in addition to having a warm, muggy spell, thundershowers will occur over many parts of the country. In Europe, there have been further beneficial rains over many parts of the Continent and crops have improved, although warmth and sunshine would be welcome as a considerable area remains backward. There have been fairly widespread soaking rains in the U. K., but there, too, sunshine and higher temperatures are needed. The over-all grain outlook in many of the Continental countries is uncertain owing to the heavy winter kill and an unfavorable spring.

Not too much attention was paid to political news, but it still remains a question whether the war in Indochina and the possibility of further American involvement in Southeast Asia have stimulated much buying.

Primary receipts of wheat today amounted to 1,206,000 bu, which compares with 1,591,000 bu last week and 1,220,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 103,000 bu.

Reports we are getting from the Southwest seem to confirm our previously expressed ideas that with wheat selling so far below the loan level that tremendous quantities may be impounded. We hear from Texas and Oklahoma that a good deal of the movement is toward storage, and consequently, very little will be sold. As a result some mills are now bidding rather high prices for quick shipment, with the consequence that carrying charges in the various markets are narrowing. For example, July wheat today was relatively stronger than other futures. However, we had a nervous situation, particularly toward the latter part of the session, when beans weakened and quickly recovered. There is a little improvement in milling circles but total business is not big. Judging from test-weight of the new wheat it looks as though yields would turn out better than had been earlier anticipated. Corn was firm, and there was not much feature. July beans were nervous all day, and there are some beans going out of this market, but stocks are going down somewhat slower than usual, as the two processing plants in Chicago remain closed.

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CHICAGO, 4 June 10, 1954

If the question were asked, "What has changed America the most during the past 25 years," we would certainly have a variety of answers. Some would say that it was the automobile or the airplane, others would refer to television and radio, some might even refer to electronics, or to movies, while a vast majority might say the European wars. In a way probably all of these replies would in a measure be correct, but yet in our opinion one of the greatest changes is seldom mentioned: namely, taxes, which have surely changed our lives more fundamentally than any of the preceding items.

Senator George, a stalwart on the Finance Committee, who for many years has been in favor of cutting taxes in a drastic manner, has always reasoned that if the money were not there the government could not spend it, nor could Congress appropriate it. In his late years, however, he is becoming a little despondent and just recently stated: "In Congress considerable time is wasted each year in discussing economies ....Whose fault it is makes no difference; it may be the fault of all of us, and I think it is, until we cut off the water. When we cut off the water Congress will reduce the cost of government, but not before. The government should operate on an annual budget of no more than $40 billion; but I do not think that will ever happen so long as Congress continues to obtain $60 billion from the pockets of the taxpayers."

Before our market opened this morning there was not too much to guide it. According to a Washington dispatch carried in one of the financial papers, President Eisenhower has decided to veto any bill that Congress enacts to extend farm price supports at 90% of parity for another year. There is no doubt but that the administration strongly favors flexible supports, and practically all of the speeches by Secretary Benson have stressed the need for a sliding scale system designed to discourage over production by reducing the support level. Some have thought that because of the fact that this is an election year there might not be a change in the present method of supporting basic commodities, but according to the dispatch just referred to, Mr. Eisenhower has quietly made his veto decision known to his closest advisers in the White House. Meanwhile there are still repercussions of the recent 10¢ decline in the United States and Canadian prices for export wheat. Argentina charges dumping and the Minister of Economic Affairs claims that the slashing in the export price was contrary to the anti-dumping resolution adopted at a recent inter-American conference. On the other hand, British interests believe that this is only the beginning of further declines, and, of course, they view the statistical situation with some optimism due to the fact that world surpluses have accumulated to such an extent that a breaking point may be near.

The weather map is again unsettled, and there were heavy rains over the Texas Panhandle, which may have caused damage. Meanwhile, harvesting operations have been slowed up in Oklahoma, but in view of the fact that such a large proportion of the wheat apparently is headed for the loan and is not coming on the market, this has not been regarded as too serious.

Primary receipts of wheat were a little over 1 million bu which compared with 792,000 bu last week and approximately 2 million bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 23,000 bu.

There was very little feature to the wheat market but we note in the Southwest there is an adjustment occurring between cash and futures; ordinary #1 hard wheat at Kansas City sold at 6¢ over July for shipment today but 2¢ lower for shipment this week. This is about 4¢ lower basis than yesterday. We talked to a number of stations in the Southwest and even though there has been a delay in Oklahoma due to inclement weather, elevators are getting pretty well filled up and if the movement starts again, there may be difficulty in getting all of the wheat housed. Thus, there may be gradually more free wheat coming on the market.

After the close there will be a government report and it should be quite optimistic, particularly with respect to winter wheat. The figures should be higher than those of the private expert.

Beans fluctuated over a wide range and the close was strong. Corn was without particular feature but there seemed to be profit-taking on minor advances.

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CHICAGO, 4 June 11, 1954.

President Eisenhower on a national hook-up last night devoted a great deal of his talk to the farm program and did not mince any words, nor leave any doubt as to his feelings on the continuation of 90% support prices on major crops. He emphasized his remarks by the statement that he knew what was right for America was politically right, and further stated that in his opinion the circumstances are too critical to permit such a delay, as recently voted by the House Agriculture Committee, which rejected the administration's plan for flexible support prices and voted to keep the rigid 90% price support in effect for another year. The President emphasized that his farm plan proposes price supports with enough flexibility to encourage the production ofneeded supplies and to stimulate the consumption of those commodities that are flooding and depressing American markets, and that his plan will gradually dispose of the gigantic farm surpluses and promises our farmers a higher and steadier financial return over the years.

Meanwhile, after the market closed last night, we were furnished with the government estimate as of June 1st on wheat and rye. From all reports received it was not surprising that they raised their sights as to the size of the winter wheat crop in the Southwest to a total winter wheat crop of 740 million bu, or 33 million bu increase from the previous month. They also showed quite a large increase in the probable yield of spring wheat: namely, 260 million bu vs 225 million bu last March. If present prospects are maintained we now face another crop that will total almost a billion bu. Thus we can see that we are a long way from solving the problem as far as wheat is concerned. With an estimated carryover in wheat of around 850 million bu, we will again add somewhere around 100 million bu to our carryover on July 1, 1955 unless additional export outlets are found. The main increases in winter wheat were in the states of Nebraska, Kansas, Oklahoma, and Texas.

According to Sanford Evans, as of June 2nd, Canada is still left with a supply of wheat available for export and carryover of approximately 613 million bu, with eight weeks remaining of their crop-year. So it can be seen in that country, with a population of only 15 million bu, they are also facing a very serious problem. However, from advice that we received this morning from a well informed grain source in Winnipeg, weather still remains bad and what wheat will be sown this party thinks has now been seeded although coarse grains can be put into the ground for another ten days and even up to the end of the month.

Speaking for Argentina, Broomhall points out that conditions have been mostly favorable for the planting of wheat and other grains. Recent rains have put the soil in satisfactory condition and early germination is good. There have not been many indications so far of the probable wheat acreage, but it is thought there will be little change from last year. Corn harvest in Argentina is well advanced and has been completed in a number of sections in the northern half of that country. Yields have varied considerably and it is now anticipated that the total outturn of corn will fall much below earlier forecasts. Nevertheless, they will have a fairly good exportable surplus and substantial export commitments have been made so far. Storage is presenting a problem as in many sections available space is now filled with wheat.

Primary receipts of wheat today totaled 1,565,000 bu vs 1,150,000 bu last week, and 2,401,000 bu last year. So far this week Kansas City and Minneapolis wheat stocks show no change. When the visible supply figures are posted Monday they will compare with an increase a year ago of 7,514,000 bu.

There was no moisture of consequence the past 24 hours, although predictions are for widely scattered thunderstorms over many of the grain areas tonight or Saturday. According to The Southwestern Miller, flour business has fallen off, but there is a fairly wide-spread need for spot replenishments. The same source reports that new wheat trading was on an expanding scale as harvest was resumed in Oklahoma, also active in southern Kansas and Texas, but a big share of the crop continues going intothe loan, although more selling was developing and Elevators slowed down takings for loan storage. One report was received today of damage to wheat in the northwest area of Kansas, as well as in eastern Colorado. However, these reports so far have not been confirmed by others. It was reported by one news service that the CCC office at Dallas is offering 900,000 bu #2 hard wheat to exporters at $2.11 1/8 a bu for loading at Mobile, or 10¢ under their previous price. Cash premiums for wheat have slipped very radically in Kansas City

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CHICAGO, 4

June 14, 1954

The crop report issued late Thursday might bear a further analysis with respect to details. First of all, winter wheat production will only be 11% below average, despite sharply reduced plantings in the leading states of the heavy abandonment in the Great Plains drought area. Spring wheat seedings will be sharply lower than in 1953. However, soil moisture supplies were largely replenished during May and most areas that were not adequately supplied received early June rains. Thus the drought was broken in much but not all of the Southwest. There has been further moisture since the government report was issued, and in fact, a few areas now are complaining of excessive rains. The hay crops received setbacks in important producing states due to cold weather and insectdamage, and will do well to reach more than the recent five-year average of around 103 million tons. Pastures grew slowly in the eastern two-thirds of the country and northern parts of the west. The June 1st condition of 80% is the lowest for that date since 1941.

The durum wheat crop is now forecast at 19 million bu compared with last year's failure crop of 13 million and an average production of 35 1/2 million bu. All spring wheat, which is forecast at 260 million bu, compares with 291 million bu last season and an average crop of 288 million bu. The yield per harvested acre for the U. S. is estimated at 19.6 bu, which if realized will be the second highest of record. It compares with a ten-year average of 17.7 bu. The six soft winter wheat states, comprising Illinois, Indiana, Ohio, Michigan, Missouri, and Pennyslvania, have a prospective production of 196 million bu, which is 82 million bu smaller than last year. However, the four large southwestern states, including Kansas, Nebraska, Texas, and Oklahoma, will probably have a total yield of 331 million bu, which is, roughly 8 million bu larger than the year before.

The USDA announced that the CCC has authorized purchase of additional grain storage bins up to 100 million bu capacity, especially to take care of corn that would be taken over under the 1953 price-support operations during the next few months. This will bring the Department's total storage capacity up to about 840 million bu. The needs for storage are greatest in Ohio, Illinois, Indiana, Iowa, Michigan, Wisconsin,South Dakota, Nebraska, Missouri, Kentucky, and Kansas.

According to Illinois figures on feeding this year, many feeder cattle were bought for $14 to $18 and are now selling as fat steers for $20 to $26. These prices make a good profit for the cattle feeder. A year ago cattle feeders were operating on negative margins. They had paid $22 to $28 per hundred pounds for feeder cattle, fattened them, and were compelled to sell fat steers for only $18 to $23.

The weather map is again quite unsettled and in addition to the rains which fell over Texas and Kansas, it looks as though more moisture would occur. Western Kansas received good precipitation and this very likely was the reason for a somewhat lower market following crop scares on Friday, where high winds and drought in western Kansas were taking a toll of the crop. There was also some moisture in the Northwest but rather light.

The House Agriculture Committee voted to let the government pay subsidies to processors so that farmers' prices for dairy products could be obtained at a higher level than consumer prices.

Wheat receipts in the Southwest were fairly good although only about half as many cars at Enid as a year ago. Pressure, however, on the market was not heavy. 500,000 bu Canadian rye cleared over the week-end for South Chicago.

The visible supply of wheat showed an increase of about 5 million bu, while Chicago stocks showed a very minor decrease, leaving 7 1/2 million bu in this market. Other changes were not too important although the U S corn visible increased 1.3 million bu and beans decreased 377,000 bu. There is still about 3 million bu beans in our market.

Some discouragement was shown because of new business from Japan and Germany centering in Canadian wheat. It was extremely quiet in export circles and also flour demand was slack again over the weekend with the trade acting extremely cautiously, buying only for immediate needs.

The corn market was firm but there was no special feature except light receipts, while in beans the July delivery gained considerable ground again on the more distant months, and closed up the limit. The close adjustment between supply and demand is still the main factor but prospects for the next crop are good although some of the acreage increases are not thought to be as great as had been earlier anticipated.

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CHICAGO, 4 June 15, 1954

The large stocks of wheat in the four major exporting countries are causing more concern as we approach and continue new harvests in North America. Just recently world wheat markets were thrown into confusion when Canada and the U. S. embarked on a program of price-cutting. It is not only of immediate concern to the importing world, but rather the question is brought up as to whether further adjustments may occur as the worry of excess supplies under the various control systems may force liquidation, if not by us at least by others who cannot so well afford the strain. Canadian wheat exports have declined about 25% from the level of the same period a year ago. Our own exports of wheat and flour have dropped some 44%, while Australian shipments are down 36%. It is true that these reduced shipments from the three countries have been partially offset by a sharp increase of 717% in Argentine exports. However, such a statement would be extremely misleading if it were not pointed out that the comparison is made with a crop failure and for the one year to which we refer Argentina actually was compelled to import wheat from other countries. Thus one must regard the comparison as worthless. These four countries account for the bulk of the world's wheat exports. While a few smaller nations force competition from time to time, we are concerned mainly with the crops and carryover reserves of the "Big Four."

We must also take into account that cutting acreage in the U. S. does not always mean that the yield will be reduced in the same proportion. The American farmer has five times as much invested in farm machinery as he did in 1940. It is, therefore, possible with only 15% of our population living on farms to take care of an ever-increasing demand at home and still have surpluses for export. There are nearly 2 1/2 million trucks on farms, nearly 4 1/2 million automobiles, while farm machinery has been increasing annually; thus being able to cope with problems on a much more efficient scale than in the "horse and buggy" days when everything depended so much on getting a job done according to the elements which were not always propitious.

For example, we are having a rather serious condition at the present time with widespread rains over Kansas and Nebraska, and some moisture in Oklahoma, which has slowed progress in the combining of wheat. The same has been true in Texas with the Panhandle deluged with moisture following a long period of drought. Formerly farmers would have to wait their turn for the combine machines to reach individual farms, but in the present instance this is no longer a problem and given a few days of clear weather there is enough individual machinery to finish up a job that may have been temporarily delayed.

The House Agriculture Committee is seeking to enact an all-inclusive farm bill comprising certain proposals that the administration has been sponsoring, but also reviving dairy supports and even supports on potatoes, figuring that there is less chance of a Presidential veto if some of the Benson recommendations are included. Of course, any action of the Committee will have to finally get House and Senate approval, but there is still no certainty as to whether the 90% of parity loans for basic commodities may or may not be continued for an additional year.

Canadian wheat acreage has probably been cut 10 to 15% due to inclement weather but the Saskatchewan Pool reports a condition of 155% of normal, which is one point less than last year. On basis of 100% we might expect a yield of 15 bu per acre. Consequently, Canada may still be faced with a reasonably good crop, despite smaller plantings.

Primary receipts of wheat today amounted to 1,962,000 bu compared with 1,696,000 bu last week, and 3,833,000 bu on comparable day of last year. So far this week Kansas City and Minneapolis stocks show a net increase of 49,000 bu.

According to The Southwestern Miller only small-lot sales of flour are being consummated, and while inquiries are active the trade does not seem to be in the mood to begin taking new-crop flour for 60 to 100 day shipment, waiting for some downward revision in the price from previous levels. There was no particular feature to the market, although wheat was under pressure with the local element on the aggressive side. We understand that some Chicago elevators are bidding 3 1/2 under July for new wheat, but not booking much of consequence. Bookings will probably not be heavy until harvest actually gets under way in this territory.

It is reported that Formosa purchased 750,000 bu of our old crop beans, and on the 1 7th of the month South Korea is due to purchase about 200,000 bu.

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CHICAGO, 4

June 16, 1954

The Council of the International Wheat Agreement meets in London today for a session of one week. One Canadian source believes that exporting countries will offer wheat to importers at the minimum price of $1.55 Fort William, but there is some doubt as to whether this offer will apply to the balance of this year's undertakings or to the commitments by importers in the new season starting August 1st. In this connection comments have been made recently as to the competition between Canada and the U.S. According to Sanford Evans, this is only part of the story. There is competition not only with Australia and Argentina but with some other exporters as well, and as this same authority points out, if the buyer will not pay there is no form of arrangement or agreement which can force him to pay for the total quantity available for sale under IWA. As is well known in the trade both the U.S. and Canada have lowered the price of wheat for export by 10¢ per bu. Exporters have vast quantities of grain which are not being sold at a rate that is nearly fast enough, and a merchant in any line of business would give the only solutionthat has ever been effective in such a situation:namely, lowering the price., As a comparison of prices with North America, Sanford Evans has worked out a spread on a CIF price in London between Canadian #1 Northern shipped from the Pacific and Argentina's 63 1/2 lb wheat, and Australian bulk wheat. This has been translated into Canadian dollars at the rate of $2.77 to the pound sterling, and the following table is rather startling as to how the spread has been widening under Canadian wheat prices in the past 6 months:

	ARGENTINE 63 1/2 lb wheat	AUSTRALIAN Bulk Wheat
January 4, 1954	19¢	6¢
February 1	20¢	9¢
March 1	21¢	10¢
April 1	27¢	15¢
May 4	34¢	21¢
June 1	33¢	24¢

Broomhall's report for Europe states that rain has fallen in many sections during the past week and has benefited crops but reports continue to emphasize the lateness of the crop in many sections and the prospects of a late harvest. Generally speaking, condition has improved during the past week. Specifically the U. K. has had abundant rains, crops are satisfactory, but growth is backward and weather cool; warm weather is now desired. France has had further rains which have enhanced the prospect for spring planted grains, with winter wheat conditions mainly favorable and a good harvest expected. Western Germany: Heavy rains have fallen in some sections, including deficit areas and the appearance of crops has improved but backward. Italy: Crop is late but continues to indicate another large outturn, possibly better than last year. Weather has turned favorable. Austria: Recent rains have improved the general outlook. Australia: It is reported that rains are needed in South Wales, Western Australia, and Queensland, but conditions are favorable for the recent planted wheat in Victoria.

There were further rains in Canada over the week-end, with a delay in wheat seeding. However, it has turned warmer. In our country there were some scattered rains in the Southwest with rather good rains in Iowa and sections of Illinois, indications for thunderstorms in west portions of the Southwest Thursday, and showers and thunderstorms tonight and Thursday in the corn belt. While moisture may be sonewhat delaying wheat harves,t, rains are extremely beneficial in the corn and bean areas. In fact, our Bloomington, Illinois, office wired this morning that their territory now looks like a garden spot, with crops growing and about the right amount of moisture and warm weather.

Primary receipts today totaled 1,874,000 bu vs 1,206,000 bu last week, and 2,117,000 bu last year. So far this week Minneapolis and Kansas City wheat stocks show a net increase of 146,000 bu.

The first report for the season issued by the Searle Grain Co. at Winnipeg intimated that as of June 3rd the Prairie Provinces had planted 92.1% of their 1953 acreage. There still is very little doing in new flour business except for spot shipments, but it was reported that Brazil is scheduled to buy about 200,000 tons of Canadian or American wheat today, but so far we have no confirmation that the sale has materialized, although whatever comes outof this country will no doubt be from government stocks and will not be a market factor. There was very little feature to our market except the strength in beans which seemed to be due to lack

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CHICAGO, 4 June 17, 1954.

The Lower House of Congress yesterday agreed to give the administration authority to sell a billion dollars' worth of surplus farm products to friendly nations, and to give away another $300 million in farm products. This is to cover a three-year program. There are still adjustments to be made between the Senate Bill and the House Bill as in the former only a $500 million disposal was permitted.

It is too early to predict the final form of the Farm Bill for this year. The President and the Secretary of Agriculture have been adamant against rigid supports and continue to favor the idea of flexible supports. The high rigid price supports were adopted for wartime needs for high production and are now obsolete. The idea of flexible supports is not new as the Agricultural Act of 1948 provided for supports ranging from 60 to 90% of parity, beginning in 1950, for the six basic commodities: namely, cotton, wheat, corn, tobacco, rice, and peanuts. However, before this Act became operative Congress in 1949 postponed the effective date from the 1950 crop year to 1951, but in 1950 provisions were again delayed until 1953 and in 1952 the idea of flexible supports for basic crops was again put off to become effective for the 1955 crop-year. There has been nothing but procrastination in changing over from rigid supports. Unfortunately, many of our Representatives in Congress are looking to politics rather than the economics of the farm price problem. There is no doubt that flexible supports would be preferable to the great majority of consumers and tax payers, and also more advantageous to all farmers except possibly that one-fourth of the farmers who produce basic crops, although in some quarters it is felt that even they would benefit.

The present rigid support program authorizes acreage allotments and marketing quotas. However, more efficient farmers have been successful in increasing production per acre when the number of acres allotted was reduced. Furthermore, the quota system involves government control of production, which smacks of the "police state" and finally it involves the uneconomic principle of scarcity to hold up prices. Under the existing farm program, the government's investment in price support operations of the CCC reached an all-time high of somewhat over $6 billion on March 31, 1954, the latest date for which figures were available. In January, 1949, it amounted to approximately $2 billion; it rose almost steadily to $4 billion in February, 1951. Then after the outbreak of hostilities in Korea, there was asteady decline in inventories along with the downtrend in markets until June, 1952, when the investment of CCC in inventories was only approximately a billion dollars, but this trend was again reversed in 1953.

The net realized loss incurred by CCC on its price support program from its inception in 1933 to June 30, 1953 was $1,110 million. In the first nine months of the fiscal year of 1954, the net realized loss was $187 million as compared to $61 million for the entire fiscal year of 1953. In figuring the cost of farm price supports, other items must be considered, such as the International Wheat Agreement, which cost $558 million from fiscal year 1950 through 1953, the earlier program for removal of surpluses, acreage allotments, payments, etc. In other words, the net cost of all the farm price and income stabilization programs, including loses on CCC price supports, was about $7 1/2 billion by June 30, 1953.

Primary receipts of wheat today totaled 1,792,000 bu versus 1,042,000 bu a week ago, and 3,360,000 bu last year. So far this week Minneapolis and Kansas City wheat stocks show a net increase of 132,000 bu.

Generally fair weather prevailed for the past 24 hours, and indications are for fair weather in the Southwest, with a few scattered showers inthe eastern portion of that area. Canada reports there were further rains overnight in parts of the west, and some also occurred in areas where flooded fields are already reported. They further state that the weekly government report is rather pessimistic, particularly as to the amount of seeding that has been done.

Flour demand shows no pick-up, and export sales are practically nil. Nothing as yet has been heard about the Brazilian wheat purchase, but as this undoubtedly will come out of CCC stocks it will be no market factor. Broomhall reports that both Roumania and France are offering wheat for export CIF Great Britain at $1.85 and $1.72 5/8 per bu respectively.

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CHICAGO MERCANTILE EX.

June 18, 1954

According to the USDA during the first five months of the present calendar year, farmers have received approximately $10.3 billion from marketings, or 4% less than they received in the corresponding period last year. Receipts from livestock and products totaled $7 billion, almost the same as a year ago, but crop receipts of $3.3 billion were down 10%. It is pointed out that the decline in total crop receipts was mainly the result of a smaller volume of crop marketings, although prices also averaged lower. In the case of livestock slightly lower average prices were offset by increased marketings.

With the farm program now occupying the attention of the Agricultural Committees of the Legislature, it may be interesting to note that over-emphasis is probably being placed on fixed price supports as a bid for a favorable farm vote. Figures recently compiled by the Department of Agriculture show that only 23% of the national cash receipts from farm marketings in 1952 came from basic commodities, while commodities with no support price produced 56% of all farm cash receipts, and 21 % came from products under flexible supports. It is further pointed out that 56% of the total receipts were from livestock, dairy products, and poultry, the producers of which incurred higher costs because the feeds they buy are supported at high prices.

While the Agricultural Committee of the House has already voted to continue mandatory 90% support on wheat, cotton, and corn for the 1955 crop year, yesterday they approved, with slight changes, the administration's set-aside proposal authorizing the Secretary of Agriculture to seal certain specified amounts and remove them from commercial channels. The amounts so set-aside would affect the support levels under a flexible program. Of course, this plan would not be put into action if the 90% supports were again passed for the 1955 crop. The Secretary has indicated that setting aside 400 million bu wheat would place the minimum floor at 79% of parity under a flexible plan, while 500 million would raise the minimum level to 84% of parity.

The government has announced details of an expected purchase of grain storage structures with a capacity up to 100 million bu for the storage of CCC-owned grain, primarily corn, to be taken over during the next few months as a result of the 1953 price support operation. Bids were asked from manufacturers. Structures will be located chiefly in Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, Nebraska, Ohio,South Dakota, and Wisconsin, where the storage for CCC-owned corn is expected to be large after July 1st when the 1953 corn loan matures.

Primary receipts of wheat today totaled 1,832,000 bu vs 1,565,000 bu a week ago, and 3,628,000 bu the comparable day of last year. So far this week Minneapolis and Kansas City wheat stocks show a net increase of 131,000 bu. When the visible is posted on Monday it will be compared with an increase last year of 16,400,000 bu.

A few reports have been received on wheat in southwestern Kansas running 50 to 52-lbs test, even as low as 40 lbs, which of courss does not indicate a large yield, but so far this is occurring in the area where conditions have been bad and there is some frost damage now showing up. In fact, one party informed us that in his own field the wheat will not be harvested as there is nothing but chaff. We also heard from one source in Amarillo that some yields will be disappointing as freeze damage is showing up but high temperatures and hot winds the past few days should bring harvesting operations the first part of next week.

According to The Southwestern Miller there has been a slight increased amount of flour bookings although the main business has been spot replacements by bakers. The over-all volume still ranges well below capacity with buyers continuing to resist, hoping for a more substantial revision in prices to a new-crop basis.

It is reported that Brazil purchased 500,000 tons wheat from the Argentine and also 200,000 tons one and two hard wheat from this country, but we have heard no details. Advices from Canada continue to stress that considerable acreage of wheat is still unplanted and it remains to be seen whether it will be sown to coarse grains, depending on weather.

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CHICAGO, 4

June 21, 1954

There are so many artificial factors and cross-currents in the grain markets that it is not too easy to form judgments. Later in the month we may have a more definite idea as to whether the 90% parity loans on basic crops may be continued for another year. Should the administration not win out on flexible supports, it seems more than likely that Mr. Benson will call for further acreage reductions, possibly reducing the wheat area to 55 million acres for next season. It also seems likely that there will be an imposition of cross compliance between crops as a standard of eligibility for price supports. On the latter, however, Congressional objections may overrule such action, but in any case it has always been recognized that when acreage is taken out of any one commodity it may force a problem for another grain or commodity that may previously have been in balance. If wheat acreage is slashed an additional 12% following the previous cut of 20% it would naturally bring a hardship on many farmers, but the aim, of course, is to keep the administration's surplus from growing. Even this season a yield of one billion bu, including spring and winter wheat, may give us a surplus of 100 million bu after allowing for home consumption and likely exports.

The writer spent Thursday and Friday of last week in Winnipeg. Seeding operations were late and some reduction in acreage seems likely, but at their latitude they enjoy an hour or so more sunshine each day than we do, and it is still felt that a fairly large crop is likely on top of a huge carryover, so that from a supply and demand angle there are many questions being asked as to what the new terms of importing countries may be under IWA. Britain has bought some garlicky wheat from the U. S. at a very cheap price, and when this grain is milled into flour it should not make too inferior a product. Garlicky wheat, which is grown mainly in eastern sections of our country, cannot be controlled, but after it has remained in storage for a year or more the garlic odor often evaporates and the dried-out garlic bulbs are readily dispersed in the milling process with only a small loss. The fact that it was purchased 25¢ a bu under the minimum price established under IWA naturally made it more attractive.

World wheat production this year may be somewhat smaller than the record harvest last season of 7,150 million bu. However, this is overcome because of large carryover stocks from previous years, particularly U. S. and Canada. As previously mentioned in these letters CCC is now asking for bids of an additional 100 million bu of bin-type storage. Producers of soft red wheat are knocking at official doors asking what will be done for farmers in that area. USDA officially reported that one warehouseman recently stated that farmers in his marketing area has better than 300,000 bu wheat ready for harvest, and that his elevator could not hold more than 50,000 bu. The government has been urging producers to supply storage facilities to hold their crops back from market at time of harvest.

The visible supply of wheat increased 8 million bu, of which about 210,000 bu was in Chicago. The corn visible decreased 781,000 bu, and oats decreased 536,000 bu. There was a shrinkage in beans of 406,000 bu, leaving less than 6 million bu in all positions versus 4 million last season. The Chicago stock of beans is down to 2.9 million bu.

Marketswere not particularly active. There was some pressure in wheat early, but reports from the Southwest indicate that the wheat crop in Texas and Oklahoma had been pretty well cared for, and there remains some doubt, with the additional storage space that has been built, whether the movement in Kansas will cause very much pressure on markets. There was a little better flour demand, but commercial trade generally was on the dull side. The business to Brazil created only passing comment, and it is thought possible that a good part of the grain may come out of government holdings. Soybeans opened weaker and while there were rallies from time to time there was no spirited buying.

As we look at bean statistics we donot have reason to change our previously expressed views: namely, that the carryover will be small. May crushings will be published in a few days, and may total about 17 million bu. Taking into account exports, which are approximately 36 million bu, and 26 million bu needed for seed, our disappearance has been heavy considering a small crop. This may still cause some tightness in the July future before that delivery expires.

Corn was firm, but considering that there were only 126 cars in Chicago today, of which more than half comprised CCC corn, the market was rather dull.

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CHICAGO, 4 June 22, 1954

The government apparently recognizing the impact of growing surpluses will impose in 1955 the tightest federal controls in history, and further acreage cuts have been announced by Secretary Benson in an attempt to cope with growing surpluses of various farm commodities. Furthermore, farmers must comply with all acreage planting allotments in order to get price support, and this scheme is called cross-compliance. Mr. Benson points out that it does not make sense to encourage the building of new problems through the unwise shifting of acres from one surplus crop to another. The plan will also prevent farmers from shifting surplus acres to crops and other commodities except for hay, pastures, etc. Any farmer who would violate planting controls, as for example, on corn, would also lose price support on wheat, peanuts, or other controlled crops which he might grow. In this rigid enforcement it is hoped to finally bring about a better adjustment between supply and demand, and as the Secretary points out there is no other choice. It is a great problem, of course, because some 30 million acres were shifted out of wheat, corn,and cotton this year, and naturally no producer likes to see his land remain idle.

The House Agriculture Committee has voted to authorize a "two-price" plan for U. S. wheat farmers. If enacted, the Secretary of Agriculture would estimate sometime before July 1st each year the amount of wheat likely to be used as human food in the U. S., and on that portion the farmer would receive full parity. However, on the balance the market would be permitted to fluctuate according to supply and demand factors on any wheat produced for export or other purposes. Under the Committee decision the plan would take effect for the 1956 wheat crop and later years if approved by a majority of farmers voting in a wheat marketing quota referendum in July, 1955.

The writer lunched a few days ago with Mr. George McIvor, head of the Canadian Wheat Board. It was a most enjoyable visit and this geneltman, like most Canadians, did not try to minimize the implications of over-abundant supplies which are accumulating on the North American Continent. As a matter of fact, the wheat situation generally has attracted front-page publicity in our newspapers, and very often this would stir up fears of a further price decline, but the fact that remedial steps are being taken gave us a somewhat firm opening in wheat, despite lower prices for beans, which had been influenced by a rather sharp decline in meal prices before our market had opened.

The Minister of Agriculture of Manitoba estimates an over-all reduction of 15% in grain acreage. This was unintentional, having been forced by a late spring and inability on part of farmers to seed their crops at the proper time. Meanwhile, combining has proceeded over practically all of the areas of southern Kansas, and as a result terminal movement has increased sharply, but, strangely enough, there is not too much pressure and because of price relationships we figure that large quantities of wheat will go into the loan.

Some light rainfall has occurred over portions of Missouri, Illinois, and northern Indiana, but clear conditions prevailed both Northwest and Southwest with humidity somewhat lower. According to the Peavey crop report grains continue to make highly satisfactory progress, and moisture is ample in virtually all areas of the Northwest.

Trade advices still indicate that farmers are selling very little of the harvested wheat. Some opinions are that conditions in Kansas will be similar to Oklahoma where the crop moved and was housed with most of it going into the loan and trade interests buying very little.

Grain crop conditions appear to be quite satisfactory, with more moderate temperatures moving into the corn belt, ending the showery period, which has brought excess moisture in some sections but has generally benefited growing plants. The Illinois state report mentioned that crop conditions showed little change from last week with average to good stands of corn and soybeans. Recent precipitation, while normal to slightly above in the north and central, was below normal in the extreme southern portions of the state.

The spring pig report about confirmed the previous expectations of a 13% increase over a year earlier. The total is 56,066,000 head. The fall crop is expected to be 10% larger than last year, or a total of 35 million. This would give a total of 91,066,000 for the year 1954 compared with 81,585,000 in 1953. The number of hogs six months old and over was 93% over the previous year.

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CHICAGO, 4

June 23, 1954

Farm practices and the marketing of commodities haveundergone a complete change during the past few decades. For example, last season 47.4% of the wheat raised in this country was impounded, 42% of the cotton, and about 49.5% of flaxseed was placed under loan. Therefore, it is quite obvious that these items were raised for storage rather than for usage. In addition to accumulating vast stores of wheat and cotton, we have on hand under government domination 400 million pounds of butter, over 400 million pounds of cheese, over 250 million pounds of non-fat dry milk -- after selling over 400 million pounds for feed. In other words, a total in excess of 1 billion pounds of dairy products, and even at this date the government is rapidly buying more.

It is no wonder that Mr. Benson is trying to curtail acreages in order to slow down the accumulations. The first step has been to cut wheat acreage to 55 million for the next crop year. The acres that are so taken out of production may not be planted to any other grain or to cotton without sacrificing price supports. If farmers choose to comply with the new regulation in order to get price supports, there may be 35 million acres diverted out of high income crops. This will include some of the nation's most fertile and productive lands. Any such step is bound to slow down expansion of our total economy. Even with relatively high prices there may be less profits for farmers, and likewise, there will be less farm machinery bought, possibly fewer fertilizers, chemicals, gas, oil and other supplies, and services needed which are required when farms are in full production. The new scheme of things is bound to divert and disrupt crop rotations and proper land use. It is diverting employed farm workers and laborers in industries to other jobs, or less employment. It is also diverting business from those who buy or sell from farmers, and from all those who share in the business generated by production from the farms of the nation. Thus the whole thing is a vicious cycle.

As far as allotments are concerned our farmers have the choice either of complying in order to get price supports, or of not complying, and thus having the use of free markets to sell their crop. This is the big question that will soon have to be answered. One thing is certain, however, that more and more regimentation is almost bound to come if the rigid price supports remain in effect.

The wheat harvest is now in progress, and with the large carryover it will give this nation over two years' supply of wheat. For 1955, with few exceptions, the diverted acres cannot be planted to other cash crops. In general they can only be put to such uses as pasture, hay, cover crops, green manure crops, summer fallow, or be left idle. In other words, it is a different kind of farming than this country has ever witnessed before.

Primary receipts of wheat were quite large and amounted to 2 1/2 million bu compared with 1.8 million bu last week, and nearly 3 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 641,000 bu.

Wheat was very firm, but it had its ups and downs all during the session, with some improvement in bakery flour sales, but no large bookings for deferred shipment. In spite of good receipts in the Southwest there seemed to be quite a scramble at Kansas City for cash wheat, with the basis 2¢ higher. However, only a small amount of Kansas wheat has been harvested to date, but yet there is a big demand for storage space in order that farmers may take the loan. Ordinary #1 hard wheat soldin Kansas City at 3¢ over July, and futures were also strong, which naturally had its influence here. There were some reports of damage in Kansas, which may offset yields in other localities that were better than had been expected.

Corn seems to be completely featureless at the moment, and there is hardly any interest. Receipts are extremely small, and trade in the pit is of no consequence.

July beans were strong; there was a report that several barges would load soon, taking some beans out of this market. The crop still looks excellent, and the deferred months were hardly affected by higher prices in the nearby delivery.

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CHICAGO, 4

June 24, 1954

Last season about 550 million bu wheat was impounded under the loan. With this year's crop probably about 169 million bu less than in 1953, it is reasonable to expect that less wheat will go into government hands, but still there are estimates that as much as 450 million bu will be taken out of free supplies, thus making a total of a billion bushels for the two years. Naturally this situation cannot go on forever, as it would be impossible to build enough storage space even with the encouragment the government is giving elevator operators. On the other hand, it is not likely that the large reserve stocks will continue to grow as they have during the past several years. For example, on July 1, 1952, the wheat carryover was 256 million bu, while this season it looks as though there may be nearly 900 million bu in the reserve. Chances are that even if there is an additional increase one year hence, there will only be about 100 million bu added, but even that on top of present accumulations would be very big, and all this has occasioned great concern on part of government officials who have already ordered further cuts in acreage. It is possible that even if flexible supports are permitted next season, certain restrictions will be imposed upon farmers, which is being lamented by some legislators, who claim that the Secretary of Agriculture is being made virtually a czar in that he is permitted to dictate stringent rules as to how much should be planted to each crop, and that this may be the forerunner of further rigid restrictions on the amounts that may be marketed at any given time. The Canadian farmer is already under severe restrictions. The government tells him each month what his marketing quotas are, and thus only a certain quantity of grain may move forward from farms during a given period.

One often wonders how the vast stocks of wheat, oats, barley, etc. are kept in Canada during the cold winter months. There has not been nearly the building of structures to house this grain on farms as we have experienced in the U. S. Nevertheless, a good deal of grain which cannot be stored in barns, churches, schoolhouses, etc. is merely stacked on the ground and pyramided in such a way that it is almost immune from the elements. Once the cold weather sets in, there are very few thaws after November, and even though snow and ice forms a crust on top of the grain, there is little danger of seepage or spoilage during the winter. However, the Canadian producer is not entirely happy. Just recently it was suggested at Ottawa that the government pay an export subsidy of 10¢ a bu on wheat, but this proposal was flatly rejected in the House by Rt.Hon. C. D. Howe, Trade Minister. He said: "The government of Canada, with consent of Parliament, can give $15 million to any class of people it likes, but I cannot imagine just why it should give $15 million to people who are enjoying the most prosperous period in their lives. Just why we should pick out the wheat growers of Saskatchewan to give them $15 million of taxpayers' money, I do not know." It does show, however, a difference of thinking between two countries lying side by side.

The total output of summer vegetable crops is expected to be 8% above 1953 and 14% above average. During a period when the American people are eating fewer starches and more of fancier foods, this is an important factor. The deciduous fruit production this year is also expected to total slightly larger than in 1953. We should have more peaches, dried prunes, and apples, but as an offset there will be fewer fresh prunes, strawberries, sweet cherries, and apricots.

Primary receipts of wheat were nearly 3 1/2 million bu which was twice as large as last week but compared with 4.1 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 881,000 bu.

According to Broomhall, wheat exports during the past week amounted to 3 million bu and for the season have totaled 202 3/4 million bu compared with 320 million a year ago. There was a little improvement in the flour sales but it was mainly the family type business and no large volume of hedges were covered. The cash market at Kansas City which had been so firm yesterday reacted and ordinary #1 hard finally sold at about 1 over Kansas City July, but generally speaking, mills seem to be taking cash wheat whenever it is offered and it is still felt that large quantities will go into the loan.

The corn trade was quiet. There were only 47 cars of corn at Chicago today of which 27 were for CCC. There seems to be no enthusiasm to do much on either side of the market, but the market is firm.

Meal prices were drastically lower and this had its influence on July beans which sold down the permissible limit. Local selling took place because of lower processor bids, but we still feel that with the close statistical adjustment there will be other days and we do not favor the short side of the market on breaks.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 June 25, 1954

Markets are still difficult to gauge owing to the fact that artificial influences are still such an important factor in our economy. Efforts to control supply or to expand demand are relatively blunt instruments. The output of farm products is not entirely within the control of man. Even when scientific processes are adopted and the same types of fertilizers used, we have often witnessed individual crops varying by 20 to 50% from one year to another largely as the result of weather. That is the reason that direct methods of price influence have become an important and significant part of the farm program. The non-recourse loan and government storage programs represent direct means of assuring a given price if sufficient storage space is available. With that in mind the government has made every effort either for itself or others to furnish more and more storage. Their total space now amounts to 840 million bu, and there has been a liberalization of amortization to encourage others to build. Other methods of direct price maintenance have been used, such as purchase operations, but these have failed as in the instance of potatoes and other commodities on a smaller scale. Thus the loan and storage operations have been the mainstay of the farm price support program, and it appears as though the Agriculture Committees of both House and Senate intend to continue this system for at least another year, insofar as basic crops are concerned.

Before our market opened this morning there was little to guide it except that meal prices were again lower and the carryover feeling in July beans had been somewhat bearish as a number of people last night had not been able to satisfy selling orders; thus it was no surprise that initial transactions were at lower levels. In fact, there was a fair amount of stop-loss selling before the market straightened out. Harvest movement of wheat is stretching to the north, and probably over the week-end great progress will be made. Weather generally is a few degrees higher than normal for this time of year, and clear skies are reported almost everywhere except that some further rain may fall in the wet areas of Iowa, and also, some precipitation is likely in eastern Nebraska. Temperatures in our Northwest are not too high and from all we hear crop progress seems to be mostly satisfactory. Weather must be excellent for corn and beans, and even heat has apparently not done much damage to oats so that a very large yield is expected and movement of the latter crop may be a factor before long. There are no Canadian oats coming to this market, although some shipments have been made from the lakehead to Buffalo and 340,000 bu oats has just cleared for that destination.

From the best sources we understand that there will not be early deliveries of July wheat in Minneapolis and the same refers also to Kansas City, despite the movement of the crop. It seems to be largely a matter of elevator space but there are apt to be some track deliveries late in the month, and this may be the reason that Kansas City July wheat is still selling at a reasonable carrying charge under September. Ordinary one hard wheat sold at about July price in Kansas City, with indications that it might go to a slight discount. Mills continue to be active buyers, feeling that they have to take supplies when farm selling is at or near its height. Here in Chicago a few buyers bought small quantities of wheat overnight at 2 1/2¢ under, to-arrive, for #2 red wheat, but many of the other firms claimed their purchases were next to nothing.

Primary receipts of wheat were 3,127,000 bu compared with 1,832,000 bu last week, and 4,816,000 bu last year. So far this week Kansas City and Minneapolis stocks show an increase of 1,071,000 bu. When the visible supply of wheat is posted on Monday it will compare with an increase last year of 14,376,000 bu.

July beans again held the center of the stage, at one time being off the permissible daily limit, although some recovery took place. Wheat was influenced by weakness in the Kansas City market, where it was reported that offerings from the country were somewhat increased, with harvesting becoming more general. According to The Southwestern Miller, flour business was inactive overnight with new bookings falling off to the poorest in some days. Users are still anxious to cover later requirements, but cling to ideas far below the market.

In export circles it was reported that Argentina sold 4 cargoes of corn to the U. K., and 6 cargoes to Ireland.

Corn was firm as were oats and deferred months of soybeans with some apprehension being expressed over the prospect of high temperatures.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4 June 28, 1954

This will be a busy week in Washington, insofar as debate is concerned on farm and agricultural problems. The administration has held to the belief that the 90% parity loans on basic commodities were tending to build up more and more surpluses and that, therefore, flexible supports should be instituted in order to bring about better relationships. Supplies of wheat are piling up not only here but in other surplus countries. The total for export or carryover on June 1, 1954 for U. S., Canada, Argentina, and Australia totaled 1,735 million bu, which was 40 million bu more than the previous record in 1943, and the figure was 465 million bu larger than a year ago. Exports this season from the U. S., Canada, and Australia were substantially below last year, while shipments from Argentina increased. However, in the coming year much will depend on the outcome of European crops, and it is too early to be entirely definite on that question.

Unfortunately a good many political arguments will come into the discussions at Washington since this is an election year. House Speaker Martin and Majority Leader Halleck are apparently working on a compromise program, so that if flexible supports are adopted the reductions will be cushioned to 85% of parity for the 1955 crop, 90% for the 1956 crop, and thereafter at a rate of at least 75%. Naturally the Secretary of Agriculture could support commodities at a higher level if he saw fit, just as is possible under the present law. The Senate Agriculture Committee last Thursday voted 8 to 7 for the 90% supports, but there are some guesses that there is only a 50-50 chance for sustaining this provision; therefore, it is impossible at this writing to try to predict the outcome.

Meanwhile, markets seem to be paying attention to more pressing matters, and over the week-end good progress was made in harvesting operations; in fact, yields in Kansas are turning out better than had been expected, with the result that some farmers are inclined to sell part of their wheat on the open market, figuring that if they get $1.80 to $1.90 per bu, the over-all return per acre is still very satisfactory. There was some hedging that entered our market this morning, and lower prices were witnessed. The basis at Kansas City was slightly lower, and elevators here in Chicago reduced their bids, which often happens at a time when the movement gets under way.

Weather was pretty good everywhere. There was some moisture in northwestern Kansas and some in our spring wheat territories as well as in Canada. In fact, a few of the dry spots in Canada were relieved, and this was helpful although the crop is quite late and there is some talk of the presence of stem rust. It has not arrived any earlier than last year; nevertheless, it appeared rather suddenly and might be more of a menace owing to the lateness of the crop. We mention it only as a possible factor later on. In Manitoba the season is two or three weeks behind normal owing to the late spring. Wheat, oats, and barley in that province range in height up to 11 inches with an average of 4 inches for wheat. Crop development in Saskatchewan also is behind schedule and a period of warm, bright weather is now required to promote rapid advancement. The average wheat stem there is 3 1/2 inches. Rains in central and northern Alberta further delayed seeding and added more moisture to fields that were already soaked. As a result the acreage in some areas will be down substantially from last year. The average wheat stand is also 3 1/2 inches but growth has been slow because of continuous cool weather.

Primary receipts of wheat today totaled 8,733,000 bu vs. 5,755,000 bu a week ago and 10,987,000 bu the comparable day of last year. When the visible supply was posted today, wheat showed an increase of 13,851,000 bu, bringing the total to 300,025,000 bu, or slightly over 62 million bu more than a year ago. Stocks of wheat in Chicago for the past week increased 438,000 bu while corn showed a decrease of 136,000 bu, oats 116,000 bu; beans decreased 120,000 bu, leaving 2,781,000 bu in the Chicago supply. Wheat receipts in seven of the Southwest markets, exclusive of Kansas City, totaled 3,200 cars vs. 1,683 cars a year ago. Kansas City had 2,337 cars of wheat vs. 2,667 a year ago.

According to the Southwestern Miller flour sales over the week-end remained extremely light, with bakers clinging to spot shipment basis, and the spread between mill costs and buyers' ideas or hopes remains wide.

According to reports foreign demand for grain over the week-end was dull. However, late Friday Japan purchased 700 tons soybeans at the seaboard.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 29, 1954

Vice President Nixon and Secretary of Agriculture Benson broadcast their views over radio last night in support of Mr. Eisenhower's farm program, favoring flexible price supports. The administration forces have claimed for some time that the present system has been tried but found wanting in its first adequate test under non-emergency conditions. During World War II and later during the Korean conflict, there was a big demand for our agricultural products, but ever since that time rigid supports have brought on such huge government surpluses that they now threaten to break down the entire farm program. At the same time they have not prevented the decline in farm income with the result that we have had slipping prices in recent months. Mr. Benson has traveled far and wide over this country publicizing these views and showing great concern over the costly farm price program, asking how long the government could go on paying high support prices before the city dwellers would revolt against the whole idea of farm price supports. To quote him accurately, he asked: "At what point will the 140,000,000 Americans who do not live on farms rise up - as they did in the potato fiasco of a few years ago - and demand not revision but outright elimination of all direct aid to agriculture?" What the administration has in mind is moving in the direction of more flexible prices by adopting the formula ranging from 75 to 90% of parity on all basic commodities except tobacco. In addition the administration would permit modernized parity for wheat, corn, cotton and peanuts beginning January 1, 1956.

Weather had been fair almost everywhere except some showers in our Northwest. It will probably be hot today but relief is expected by tonight or tomorrow for central and northern parts of the corn belt, and also, some rains are likely. Harvesting of wheat is proceeding normally, and while some areas in western Kansas have turned out poorly, it looks as though losses sustained might be offset by better yields in central and eastern sections. Nevertheless mills seem to be quite hungry for free supplies and we heard early that some protein wheat from north central Kansas had sold at a 6¢ higher basis than yesterday, so that the situation again appears to be artificial due to the loan factors and heavy impoundings.

There is very little export business passing: 4 cargoes Manitobas were sold to Japan for last half July shipment but the business from here is rather disappointing.

The French Minister of Agriculture has issued preliminary estimates of French production. The wheat crop at 309 million bu compares with 325 million bu raised last season and 305 million bu two years ago. The French rye crop is somewhat larger than last year and slightly over 1952 production. The oat crop is reduced owing to adverse weather. European prospects otherwise are pretty good. A large wheat crop is expected in Spain; conditions are less favorable than a year ago in Yugo Slavia and Western Germany. The Japanese crop is also expected to be somewhat smaller but may be offset by better conditions in India.

Primary receipts of wheat were quite large and amounted to 3,756,000 bu, which compares with 2,645,000 bu last week and 4,178,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 202,000 bu. Contract stocks of wheat in Chicago are 6.3 million bu, of which 1.8 million is #2 red wheat.

There was never any pressure on our wheat market and lowest prices were made at the opening, and later we responded to the great strength at Minneapolis and Kansas City. Outside markets were even stronger than we were with some short covering and mill buying. Flour business was only moderate, but a more active inquiry is developing from bakers for 90 to 120-day shipment. The cash markets behaved very well considering that the movement in the Southwest is now near its peak. We find that 40% of the wheat in Illinois is combined, but this is largely in the central and southern districts. The weekly government report states that oats are generally in good to very good condition in the main producing areas, although some complaints that heat has been ripening them too fast. We heard also that the oat yield in Illinois was reduced by heat and lack of moisture, but possibly scattered thundershowers will bring relief. Soybeans in the main producing area are in excellent condition and making growth, although rain is needed in the southern portion of the belt. Corn was very firm, with some buying by an export house, although trade on the whole was not particularly heavy. July beans were erratic, and best prices did not hold, with the close lower. The new-crop months were steady, and there seems to be some fear that while crop comment has ben mostly on the good side up to now there may be deterioration if rains are inadequate.

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CHICAGO, 4 June 30, 1954

The Administration has contended for a long time that the farm support program, in addition to building up unwieldy surpluses, has extended too much help to relatively few farmers. For example, we have 90% of parity loans for basic commodities, and yet four items: namely, wheat, corn, dairy products, and cotton, including cottonseed oil, account for, roughly, 9/10ths of the more than $6 billion currently invested by the government in all of its price support operations. The support for basic commodities contributes funds for only 23% of our agricultural income. A few other products get some government help, but 60% of our agricultural products do not receive price supports to any appreciable extent.

In other words, the way it works out is that for most products price supports either are not greatly desired or it has not been possible to devise price supports that are acceptable, or both. It is important to remember that more than half the nation's 5 1/2 million farm operators either do not produce the four commodities which we have mentioned above, or at least they are raised in such small amounts that very little benefit is derived in the way of price support benefits. As a result it is figured that the present program gives preferential treatment to big producers of a few commodities, and not enough help to the small and more diversified operators who really need assistance. 2 million of the large highly mechanized units produce 85% of our agricultural output, and receive the bulk of whatever advantage there may be in price supports; the other 3 1/2 million farms, which is more than half the total, produce only 15% of our output, and receive relatively few dollars from price supports.

From present indications the Administration may grant some concessions in order to get a workable plan for the future, and it is intimated that possibly to save face they would consider a reduction in the loan for basic commodities from 90 to 85% for next year, hoping that this would at least be a step in the right direction, and that with further acreage cuts that are contemplated we would improve the statistical situation of many of the commodities which at the present time are piling up. As we have mentioned previously in these letters, 550 million bu of wheat was impounded from last year's wheat production, and if 450 million is taken out of the free supply in the current season it would mean that a billion bushels of wheat would be made sterile, thus filling up storage space, and merely delaying the day of reckoning.

House and Senate conferees yesterday agreed on a $1 billion overseas disposal program for farm products in the next three years. Of the total $700 million would be sold abroad for local currencies, or bartered for materials the U. S. can use for defense or foreign aid. The other $300 million would be set aside for famine relief outside the U. S.

Primary receipts of wheat were over 4 million bu, which was somewhat larger than last year and compared with 2 1/2 million bu last week. Kansas City and Minneapolis stocks so far this week show a net increase of 569,000 bu.

Our market was again stronger in wheat and there was quite a heavy flour business overnight on family brands; apparently the recent rise in premiums and in futures in various markets has had something to do with encouraging this business. There was only 16,000 bu wheat tendered, but we do not expect much in deliveries early in the month. After the close we shall have a new parity figure, and it is an important one, inasmuch as the loan will be based on today's price. There was 529,000 bu rye tendered up to the writing of this letter and 147,000 bu beans. The July bean market was again erratic; there was an early break, but a good recovery later on, although there seemed to be some selling on bulges, with the close lower.

Corn was firm, but there was no special feature. The July future is strong and there is no likelihood of early tenders; in fact, some of the cash interests still seem to be short of supplies and are covering. It was rather interesting to get the government figure, showing that only 660 million bu wheat was consumed domestically during the past year, and indications are that there will be no increase in the year ahead. It must be that less is being used for feeding operations, and also a slight decrease in the amount for seed. The quantity for flour, cereals, etc. is about static. The carryover reserve one year hence should be a billion bushels-- a new high record.

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CHICAGO, 4 July 1, 1954

The domestic disappearance of wheat is now reckoned at a smaller figure, despite the fact that population increases are gaining annually. The reason for this is mainly due to the fact that wheat usage for feed is down to about 100 million. In the coming year only about 65 million bu may be used for seeding purposes, owing to the fact that another acreage reduction is in sight. It is expected that about 495 million bu will be used for civilian and military food, and this figure is slightly above the 1953-54 rate. In any case, on basis of total domestic consumption of about 660 million bu, the government now estimates that the carryover reserve as of today will be about 900 million bu. However, this figure will not be confirmed for some little time yet. In any case with a prospective crop of a billion bushels and some small imports we shall have the largest amount of wheat in the history of the country one year hence, exceeding even the present year's record by about 10%.

Aggregate supplies on June 1st in the four principal exporting countries for export and carryover were estimated at about 1,735 million bu. This large quantity was due mainly to the slowing up of export demand, and we find that total world exports of wheat and flour from the principal exporting countries--the U. S., Canada, Australia, and Argentina-- during the first eleven months of our crop season total 618 million bu compared with 745 million during the comparable period a year earlier. Unfortunately a good part of the reduction was in exports from the U. S.

It is quite obvious from the above resume that the statistical picture of wheat is not at all optimistic. If our own exports the next twelve months total 215 million bu, which would be the same as in the current year, we shall be left with a reserve stock one year hence of 1 billion bu. For all these reasons we can well understand the administration's policies and hopes of whittling down the percentage of parity for loans on basic commodities, but apparently political factors are paramount and seem to be compelling reasons for many of the legislators to vote in favor of a continued high support rather than to face realities. There could, of course, be some windfall factors favoring our position if anything should happen to the Canadian or European crops. The late season in Canada makes wheat more susceptible to rust, and, furthermore, there has already been some cut in acreage due to inclement weather at time of seeding.

On the other hand Broomhall's advices paint a rather rosey picture for Europe and crops continue to improve so that there is a tendency to scale upward estimates of prospective production. Broomhall's correspondent believes that the outturn in France may reach 336 million bu wheat, which would be larger than last year, and this figure compares with the official report of only 309 million bu. Italian interests are now talking 317 million bu against earlier estimates of 294 million bu and a crop last season of 332 million bu. The carryover in that country, however, is predicted at 73 million bu, which is quite unusual for that country.

There was nothing much in the overnight weather news. Rainfall was inconsequential and it continues warm over the Southwest. Scattered showers are indicated for that part of the country while in the corn belt we shall probably have rains in Iowa and Nebraska tonight or Friday but fair east of the Mississippi. Cooler weather is expected in northern and central parts of the corn belt tonight.

Primary receipts of wheat were fairly substantial at 4.3 million bu; this compared with 3 1/2 million bu last week and nearly 5 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 731,000 bu.

Flour business slowed down materially and apparently there is a little lull following the heavy orders that were put through previously. With not much support in the market wheat futures were somewhat lower but there was no drastic break, and we still feel that large quantities are going into the loan.

Corn was fairly firm early but the trade was undoubtedly influenced by a statement from Washington that a new policy of selling government corn through private channels might have a depressing effect on prices. An official added that if this were the case the government would probably change back to its former program. It was said that of the 170 million bu of 1948-49 corn originally offered for sale about 100 million bu had been sold.

July beans were strong and it seems that deliveries are going into strong hands. This brought about some short-covering and there was a better sentiment. The close was strong and new-crop futures also benefited, but naturally did not go up in the same proportion. The crushing report was regarded as bullish.

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CHICAGO, 4 July 2, 1954

There was not much to guide our market before it opened this morning except that July bean deliveries seemed to be going into strong hands, and there is some concern among shorts that further shipments could be made from Chicago. If that is the case, it might reduce our stocks considerably, and in the meantime we are about the only market that can furnish large quantities for export or other needs.

The five-day forecast is reasonably favorable for growing crops, particularly corn and beans, temperatures will be at or near normal levels, and 1/2 to 1 inch of rain is predicted for a good many sections, which should prove beneficial. When the private report was issued this morning, it placed corn condition at 87% of normal as of July 1st, which was a higher condition than last year, and compared with 81% for the ten-year average. Mr. Galvin forecasts a corn crop of 3,283 million bu on about the same acreage as last season, and this would compare with a little over 3 billion bu average crop in the past ten years.

The oat crop is apparently coming along wonderfully well considering the high temperatures which have prevailed over many parts of the country. We have been stating recently that the indicated yields were big, and this is now confirmed, as it looks as though more than 1 1/2 billion bu might be produced, and the crop condition of 89% seems to be well above normal.

There was some increase in the wheat crop, and a yield of 1,036 million bu is now indicated, so that even with a reduction in acreage and the adverse weather we had in many parts of the Southwest at planting time, we may well look for another large crop.

The same optimism holds for beans, and the expert forecasts a crop of 345 million bu, which would be a record for all time, and would compare with last year's small crop of only 262 million bu. The acreage for harvest is estimated at 16.3 million acres against an average of only 11 million for the past ten years. Crop condition is exceptionally good, and it is placed at 90% of normal.

With this situation one cannot become too bullish based on statistical factors. In feed grains there should be enough for all purposes except that there may be some offsets in pasture and hay due to hot weather, and we may hear more about that a little later in the season. For the time being, at least, the trade is trying to calculate how much attention should be paid to artificial factors, and certainly in wheat there has been a minimum of pressure considering the record carryover and another large crop. It all adds up to one thing, that with the additional storage space which has been built, and the large disparity between market price and loan that farmers were making every effort to impound their wheat. Thus, a good many of the supply and demand factors must be viewed in the light of artificial offset, but at the same time accumulations are building up, and this may have been responsible for a tentative compromise on part of House members late yesterday in accepting a modified form of the flexible loan for basic commodities.

Primary receipts of wheat today were 4 1/2 million bu compared with 3.1 million bu last week, and 5.3 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 1,135,000 bu. When the visible supply is posted on Tuesday it will compare with an increase last year of 14 million bu.

At about mid-session Kansas City and Minneapolis wheat markets became very strong, some flour business was reported. The volume in the Southwest was not very large, but by the same token there was hardly any wheat for sale. We believe the buying may have been in anticipation of some bakery flour business which is expected to develop. One Chicago buyer bought a moderate quantity of wheat to-arrive, but elsewhere the amounts were of negligible quantity. We doubt whether a report from the Argentine claiming that they had withdrawn as sellers for export had much to do with today's advance. Their action is probably only of a temporary character.

The House tentatively approved a two-price plan for wheat scheduled to go into operation in 1956 if voted by farmers.

Corn and oats were influenced by the private report early, but recovered some of their losses when wheat became so strong. July beans were also up considerably, and we may have a tight situation here before the end of the month.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

UHLMANN GRAIN CO.
Chicago 4 July 6, 1954

We have commented frequently in these letters about the population growth, and we regard it as a most important factor in our economy. It may be one of the chief reasons for the sustained consumer buying, and in 1953 personal consumption expenditures amounted to $230 billion, which was 62% of the gross annual product. Since 1939 these personal consumption expenditures have increased by about 3.4 fold. The number of children under 10 years of age has increased from 21.2 million in 1940 to 33.3 million in 1953, which is a gain of nearly 60% compared to an increase of only 20% for the total population of the country. This large increase in the number of youngsters will continue to require special housing, more school facilities, specific types of clothing, and food products. It is one of the greatest pressures for expansion in our standard of living.

Before our market opened this morning there was not much to guide it. Weather over the weekend had been very satisfactory, and since Friday a good many rains had been reported over the corn belt, with the result that the crop prospects for both corn and beans are highly satisfactory. There was not much moisture in the Southwest, although a few scattered showers occurred in the spring wheat districts. In Canada, the season has been quite late, and a full crop could not be planted. On the other hand, one of our good friends tells us that the condition of the crops in western Canada is better than average, although production is not expected to reach last year's figures. This is due mainly to a smaller acreage. No reliable figures are yet available, but the wheat acreage undoubtedly will show a fairly drastic decline. Past experience has shown that moisture conditions are practically the most important element in crop production, and since rains have now been ample in practically all districts, it remains only to be seen whether rust or frost will take their toll of the crop due to the retarded condition. There has been some dry sunny weather, but generally speaking temperatures have been below average, and this is holding back not only the wheat but also oats, barley, etc. It is also increasing the hazards of frost damage before harvest reaches maturity.

Our wheat market wasinfluenced largely again by strength at Minneapolis and at Kansas City. It seems that in the Southwest, cash premiums have risen, and this at a time when very heavy arrivals have taken place, and also large receipts at interior points. We noted for example that in addition to the 2,400 cars at Kansas City that there were nearly 3,000 cars at Fort Worth, Enid, Wichita, Hutchinson, Salina, Topeka and Amarillo, but by the same token no pressure was being exerted on the futures markets, and not a great deal of hedging either. Mills apparently are taking this opportunity of building up stocks figuring that if there is a holding tendency this early, supplies may be even tighter a little later on. There has been an excellent demand on part of mills and elevators, and #1 hard wheat traded at Kansas City at 2¢ over July, or 1¢ higher than Friday's basis. Thereseems to be some fear of rust infestation in North Dakota, but it is too early yet to make damage appraisals, and we presume that there will be a good deal of apprehension until the crop is made.

The visible supply of wheat increased nearly 20 million bu to a total of 319.6 million bu compared with 251.7 million lastyear. Corn showed a small increase and total stocks of 14.6 million bu are just a little larger than a year ago. There was a 3/4 million bu increase in oats, but the total in all positions is only 3.3 million bu. Beans decreased 206,000 bu, still leaving 5 1/2 million bu in the various markets. We now have nearly 9 million bu of wheat in Chicago, 2.6 million bu of corn here, only 472,000 bu of oats, and7.2 million bu of rye in elevators, and another additiona 2 million bu in bond. The bean stock locally declined to 2.7 million bu.

Trade was reasonably good. There were early advances in beans and considerable buying of the new crop positions, but there was also liquidation of July at times. Corn was rather firm, and while receipts were heavier, carlots were not burdensome considering that one of the large local industries which had been closed for vacations had again reopened.

Flour business over the long holiday was definitely small, although a few round lots had been sold, but according to The Southwestern Miller there seems to be some hesitancy on new business.

We had reports from the country that the oat crop looked spotted, but on the whole we believe that in spite of high temperatures yields are turning out well, and we shall know more about this when the government report is issued next Friday.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

UHLMANN GRAIN CO.

Chicago 4 July 7, 1954

Generally after the 4th of July holiday receipts are very heavy in the various markets, and this is particularly true after a three-day celebration when accumulations are extremely big, but many people were impressed yesterday by the lack of offerings, and the small amount of hedging in the market, which apparently was a factor not only in speculative circles but also in the milling trade. A good deal of flour had been sold yesterday, but some of the orders apparently continued during the afternoon and overnight, with the result that there were any number of hedges to be covered this morning. This gave us an exceptionally strong market, with practically no big offset in the way of hedges.

Crop reports generally continue of a satisfactory nature. The Peavey report from Minneapolis mentions only the threat of rust, but also stated that small grains at present show prospects of good to excellent yields. Most reports stress the fact that Durum wheat is carrying the heaviest infection, but it is rather difficult this early to have a very pronounced opinion as to possible damage.

There had been some showers overnight in the spring wheat areas, and a heavy down-pour at Chicago, with more than 2 inches here, and smaller amounts generally over the corn belt area east of the Mississippi. There were a few light showers in the Southwest, accompanied by high temperatures. Despite the great strength in wheat, July beans were weak after the opening, and there was considerable stop-loss selling following some liquidation by locals.

We do not hear much of export trade, although at this time of the year Europe is often anticipating native harvests. Weather in Europe is mostly favorable, although too cool in some sections. It is reasonably warm and cloudy in France, with some rains. The wheat is ripening slowly, and Broomhall's correspondent feels that yields may not turn out quite as well as had been earlier expected. It is cool in western Germany and rainy after a period of hot weather. Yields are turning out a little better than expected, although the total crops probably will still average somewhat below those of the year before. Italian conditions are most favorable both for ripening and harvesting. The outturn is expected to exceed earlier forecasts by a comfortable margin, although still slightly below last year's record return.

We hear that India is seeking to reduce her need for food imports by producing more at home. She often buys fairly good quantities of wheat, sorghums, corn, dried skim milk, medium-staple cotton, and tobacco from us, but those purchases depend largely upon the amounts of tea, black pepper, short-staple cotton, cotton waste, castor beans, hides, jute, etc. that we in turn take from her. India also requires large imports of mineral oils, metals and machinery, and in order to get these articles she sometimes sacrifices the amount of food imports in order to make ends meet.

The primary movement of wheat was quite large, and total receipts amounted to 5 1/2 million bu compared with 4.1 million bu last week, and 4.7 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 273,000 bu.

Surprisingly enough there was not a great deal of news, except the flour business, but as we talked to more people we found out how enormous the volume had been for a single day. One expert figured that it was the best business in a year or more, and according to The Southwestern Miller, practically every chain and most, if not all, of the large and small independent bakers had booked hard winters for a period of 120 days, and in some instances longer. Very little spring wheat flour was worked. Some guesses were that the total amounted to the equivalent of 25 million bu of wheat or more, and apparently all of the hedges had not been covered at the opening, so that with further buying during the session we had a reasonably strong close. Other grains were not too much influenced by the great strength in wheat, although Kansas City futures had advanced more than Chicago. Corn was steady, but there was no special feature, and trade in the pit was not overly active. Beans, which had been weak shortly after the opening, showed some recuperative power, but the July future recovered only a small part of its loss. The September future was also quite weak at one time but supporting orders came in, and while crop prospects remain exceptionally good it is still a question of whether the harvest will be early enough to afford much pressure in September.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

UHLMANN GRAIN CO.

Chicago 4 July 8, 1954

On July 23rd wheat growers will vote for or against a marketing quota program for the 1955 crop. These quotas will be in effect for all farms where the wheat acreage maturing for grain is more than 15 acres, and penalties will apply to all "excess" wheat produced on individual farms. For those who comply price supports at the effective level will be available, but producers must also comply with any other crop allotments and total acreage allotments established for their farms. If the vote is "No", price supports under legislative provisions will be 50% of parity. In order to prevent the shifting of surpluses from one crop to another wheat and other producers will be required to comply with all acreage allotments established for their farms in 1955 in order to be eligible for price support on any crop. All crops on the farm except hay, cover crops, green manure crops, pasture, idle cropland, and summer fallow will be included in this total acreage allotment. Of course the specific price support level for next year's wheat crop has not yet been established, as that will depend on Congressional action and Administrative decisions.

Before our market opened there seemed to be general recognition that the tremendous flour business that had been effected yesterday would probably fulfill requirements of bakers and others for a period of anywhere from 2 to 4 months. Whenever that happens there is very often a lull in the market, and even though there were some belated hedges to cover this morning, we found that the trade had suddenly become more cautious, and there were moderate reactions right from the start. Since the large business was put through yesterday there were some rather drastic adjustments in cash wheat values in the Southwest, and some of the better types were quoted 8 to 10¢ lower on premium basis. That, of course, was not entirely unexpected in view of the extreme advances which we had in the futures market at Kansas City during the past ten days or two weeks.

In any case, the soft winter wheat movement is still to come, and while there have been delays due to rains the weather seems to be clearing, although showers are expected overnight in central and southern sections of Illinois, Indiana and Ohio. If there should be some wet wheat which will not easily store, there could, of course, be a larger quantity coming on the free market. There was no relationship with that, and the late tenders on the July contract yesterday, but it seems that a speculator who had been carrying wheat for some time had decided to divest himself of his property, although we do figure that some of the elevators will probably make tenders as supplies are received here in Chicago. This is tending to keep the July future at a fairly substantial discount under the September, although it is not having very much influence on carrying charges between later months.

Primary receipts of wheat amounted to 4 1/2 million bu, which was about the same as last week, and also last year. Kansas City and Minneapolis stocks so far this week show a net increase of 591,000 bu.

Trade was not nearly as heavy as yesterday, although there was some buying of futures early by mills, and also some buying of cash wheat in the various markets. However, reactions occurred, and we believe that a good many people have turned conservative, although there is still the factor of rust in the spring wheat areas, and this may create apprehension, particularly in Canada, where the crop is several weeks late. For the time being at least we would not be surprised to see further reactions.

The Senate Agriculture Committee is trying to draft a different farm plan from the one passed by the House. They have in mind setting aside some of the surpluses, which would affect the parity level under the flexible scheme, as originally proposed by the Administration, but most of these discussions are of a preliminary nature. It is difficult to say at this time what type of program will finally evolve.

July beans displayed a better undertone, but with the fine weather, there was little profit-taking in the more distant futures. Corn prices were steady, and there was not a great deal of feature. Chicago receipts were light, and had it not been for the CCC arrivals the carlots in Chicago would have been extremely small.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

UHLMANN GRAIN CO.

Chicago 4 July 9, 1954

There can be little doubt but that our Foreign Relief Programs have done a great deal to alleviate suffering abroad, and thus may be considered justified from the humanitarian point of view. On the other hand, it is still a moot question whether the relief programs have done much to create good will toward us, by such beneficiary countries as Soviet Russia, China, Poland, Czecho Slovakia, Hungary, and Albania. It looks as though in spite of the gifts many of those countries have turned against us. In view of the rapidly deteriorating position of the French military forces in Indo-China, and the failure of the French and Italian governments to ratify the European Defense Community Agreement, the Congress might well re-examine the objectives sought by the proposed spending of the $9.7 billion unexpended balances before authorizing additional funds for 1955.

Chicago buyers were not able to purchase much wheat this morning on a to-arrive basis, but most country shippers have been telling them that the crop is still affected by recent rains, although harvesting probably will start again in a number of areas before long. Thus, we may have some pressure, particularly if some of the soft wheat comes on the free market rather than into the loan. We have also heard that in the Southwest country offerings were a little freer, and this is not surprising as advances have been rapid -- in some cases premiums have been extremely high. It has been our feeling that after the large volume of flour business that was booked, we may have a period of inactivity for some time, and unfortunately there is not much export business, although Yugo Slavia did buy a cargo of red wheat for July-August shipment which figured 6 1/2¢ over Chicago July FOB Atlantic. Even this however, will probably come out of government stocks and will be payable in Yugo currency.

While wheat prices were somewhat lower, we had a higher market for July beans at the opening. The government raised their selling price of dried milk for feed $20. per ton. This brought some buying into the meal market, and meal prices were firm prior to the opening of the grain market.

Weather in Canada seems to be a little better, and according to one of the railroad reports 24% of Manitoba's wheat is in the shot blade, although progress was 53% for that Province a year ago. The two other Provinces also showed a smaller percentage than for 1953. However, moisture generally is adequate and in some areas excessive. Canadian wheat exports from August 1st to June 30th were 233 million bu compared with 342 million a year ago. Sanford Evans calculates domestic consumption in that country at about 160 million bu, and on that basis there was a remainder on June 30th of 589 million bu compared with 405 million last year. A year ago the carryover on August 1st was 369 million bu. It is obvious, therefore, that even if the Canadian crop is somewhat smaller there may be an offset in the large carryover reserve.

The Turkish Minister of Agriculture announced that the wheat crop this year is likely to be 20 to 25% less than the previous year's very large crop, but even with the reduced production there should be a considerable amount of old wheat and some new wheat available for export.

Primary receipts of wheat were 4.8 million bu vs 4.5 million bu last week, and 4.2 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of a little over 1 million bu. When the visible supply is posted Monday it will compare with an increase last year of 16.2 million bu.

Trade was only moderate, and while there was a fair amount of flour sold to the cracker industry, it was very light elsewhere, according to The Southwestern Miller, although some additional orders for national family brands were booked. In most other categories trade has taken care of its requirements for 120 days or longer; this applies to practically all bakers of hard winter flours.

The wheat market was lower early, but there was some recovery prior to the week-end. There was relative strength at Kansas City, and the recent hedges taken out of that market apparently have created some firmness. After the close we shall have a government report, but no great changes are anticipated.

Minneapolis rye futures are selling at a good premium over Chicago. Our market has been depressed due to the large stocks here. Harvesting of rye will start in the Northwest in about ten days, and a large percentage is expected to go into the loan. We understand that unless the price improves the country will not sell much.

July beans were again stronger, and corn was quite firm, but there was no special news except that corn receipts are light, and Chicago stocks of beans should gradually be reduced.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

UHLMANN GRAIN CO.

Chicago 4 July 12, 1954

After the close of the market Friday the government report as of July 1st was issued. While the total wheat production was 11,240,000 bu less than the June 1st report, a very large yield of feed grains is indicated. The report on wheat increased the winter wheat yield by approximately 18 1/2 million bu, but decreased the spring wheat forecast by slightly over 30 million bu, to a total for spring wheat of 229 1/2 million bu. The crop in the five southwestern states was down 4 million bu during the month, while the six soft winter states' production was increased approximately 15 1/2 million bu. Present total prospects still indicate an addition to the carryover on July 1, 1955.

As far as coarse grains are concerned, the indicated production of oats of 1 1/2 billion bu is extremely high. A corn crop of slightly over 3,300,million bu is in prospect, and this would be the second largest crop of record, exceeded only in 1948.

In total this will be the fourth largest crop production of all grains, only surpassed in 1952, 1953 and in the record-setting year of 1948. It is also clearly indicated that farmers have switched from wheat and cotton to other grains such as soybeans, grain sorghums, rye and oats, thus increasing the surpluses of those grains.

The increase in the bean acreage is mainly in the big growing areas - - Illinois, Indiana, Ohio, Minnesota, Iowa and Missouri; while percentagewise there are good increases in the South, actually in acres the increase does not compare favorably with the main producing area. The total increase is about 3 million acres, and on normal yields could produce around 365 million bu.

Speaking of Canada, Sanford Evans points out that in Manitoba extensive flooding is causing crops to turn yellow in many districts of the Red River Valley and northern Manitoba, while in the non-flooded areas crops are making rapid progress with warm weather, but generally speaking crops are two to three weeks late. Crops are also late in Saskatchewan, and continuation of warm, dry weather is urgently required to hasten developments. In Alberta good rains the past week in the southern section brought relief to crops that were beginning to show the effects of drought, and a marked improvement has taken place in that area. In the central and northern regions progress is only fair.

A well-posted grain man in our own Northwest writes that during the past week-end he drove over quite a few Red River Valley counties; he states the shrinkage in wheat acreage is very apparent, stands are good with wheat varying from the boot stage to fully headed. Some rust is prevalent, and dry weather is desired. He also reports that soybean acreage is tremendous compared with previous years.

In the Senate, the Agriculture Committee is making up its version of farm legislation, and according to one source, from preliminary reports of the tentative action taken by the Committee this week, on flexible supports, the minority of that Committee seems to be loading the Senate Bill down with much material objectionable to the Administration. They refused to accept the Wheat Certificate Plan of the House, claiming this provision would dislocate world markets. The Senate Committee also increased the mandatory carryover for wheat to 20% of the normal supply and for corn to 15%. This provision would assure that the wheat price support level would not fall too sharply next year, probably to the 82 1/2% level of the House flexible support range. It is thought in some quarters that this provision would indicate that on a showdown between the two Chambers, the Senate will accept the House support range. Of course, this is all conjecture.

Primary receipts of wheat today totaled 11,017,000 bu which compares with 9,212,000 bu a year ago; there were no figures for last week as it was a holiday. When the visible supply was posted wheat showed a net increase of 13,992,000 bu, making a total of 333,680,000 bu, or almost 66 million bu more than last year. The stock of wheat in Chicago increased 1,760,000 bu, and now amounts to 10,814,000 bu. Changes in corn and oats were small, while beans increased 92,000 bu, placing the stock in Chicago at 2,854,000 bu.

Over the week-end Yugoslavia bought an additional five cargoes of red wheat for August shipment, but this will all come out of government stocks, and was no market factor. According to The Southwestern Miller, there was only a small amount of new domestic business over the week-end.

Markets all had a strong undertone today, somewhat stimulated by high temperatures existing over the Southwest and Central States. Despite the large acreage report of July 1st on beans, weather conditions caused buying, particularly in new-crop futures of that grain. In several messages from down-state Illinois there were complaints that heat and dry weather were hurting corn and beans.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

UHLMANN GRAIN CO.

Chicago 4 July 13, 1954

The heavy impoundings of wheat due to the loan value is lending strength to markets and distorting actual conditions. While statistics do not exert the same force as in a free market, nevertheless, it is well occasionally to review actual supplies on hand. According to a government release, they had an uncommitted inventory of wheat on July 1st of 738 million bu, which is a record for not only this time of the year, but for any time. Figuring our carryover at 875 million bu, and a prospective crop, according to the last government figures, of 988 million bu, it would place our supplies of carryover and new crop on the first of July at 1,863 million bu.

The situation in Canada is also rather staggering. On June 1st their surplus was placed at 614,500,000 bu, which is equivalent to all the wheat produced in Canada in 1953. Their exports have fallen off about 30% from the previous year. It has been estimated that their carryover on August 1st will amount to approximately 575 million bu. It is a little early to have an appraisal of their new crop, which may total 350 to 400 million bu. However, using the lower figure it would give Canada total supplies available the beginning of their crop year -- August 1st -- of 925 million bu, which is quite a load for a country of 15 to 16 million people, and would give total supplies for North America almost 2,800 million bu.

Figuring that our domestic consumption is 660 million bu, and Canada's 160 million bu, or a total of 820 million bu, it would mean that North America will have 3 1/2 years' supply of wheat for domestic consumption, which is quite a quantity to have in the show windows.

Unless we have complete regimentation of farmer and complete control over planted acreages and marketing quotas, the experience of this year points to some of the fallacies of partial controls. According to the USDA acreage increases over 1953 are indicated for most major crops with the chief exception of cotton and wheat, as growers followed rather closely the production of the control program. However, the current planted acreage estimates of all crops are above early intentions for 11 of the 16 crops covered in the March prospective planting reports, and smaller for only 5, with the net result that there has been an increase of nearly 2.9 million planted acres for all crops. There have been some sharp shifts between crops, reflecting the participation in the government wheat program, and the influence of weather at planting time.

The present price level of corn is not bringing out heavy selling pressure from the country on the old crop, but unless the hot, dry weather continues, and real damage is sustained, the supply of feed grains should be extremely heavy. The last government report estimated a corn crop in excess of total needs. It is very possible that the participation in corn loans will be smaller than during the year soon to end, owing to the ineligibility of many farmers who have exceeded their acreage allotments. Therefore, if present prospects are maintained there should be pressure exerted by the new crop.

Primary receipts of wheat today totaled 4,800,000 bu vs 12,336,000 bu last week, and 5,019,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net increase of 1,113,000 bu.

Hot and dry weather has existed over most of the grain belts. The forecast for the Northwest is for a few widely scattered thundershowers and cool tonight. In the corn belt some showers are possible tonight or Wednesday in the northern portions, with more moderate temperatures, but the southern area will continue warm and dry. The government weekly crop report stresses the fact that all sections of Illinois need rain except the extreme northern sections. In Indiana the moisture is ample to surplus northern third and ample to short in southern two-thirds. For Iowa they report corn is doing well over much of the State but deterioration in the south, due to heat, and will soon reach the critical stage if rain not received soon. A report from a private source stresses high temperatures in our spring wheat section, and while there is a good root system and ample subsoil moisture crops are not in the critical stage but a general rain is needed.

Flour business was rather slack with the trade rather heavily booked on hard winters. According to The Southwestern Miller the price level for spring varieties is far out of line with buyers' ideas. Chicago contract stocks of wheat as of Monday were approximately 7 1/2 million bu with 2,111,000 bu being #2 red winter wheat.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

UHLMANN GRAIN CO.

Chicago 4, Ill July 14, 1954.

Senators Byrd and Bridges have proposed a constitutional amendment to force Congress to balance the budget and end deficit spending. Senator Byrd pointed out that the national debt is equal to all the physical assets of the country, including its land, homes, and industrial plants, and there should be an end to crisis and emergency borrowing, asserting that a substantial part of the debt was incurred during non-emergency peace time years.

Prior to World War I the national debt was a little over $1 billion, it rose to $25 billion in 1919, and then was steadily reduced to $16 billion in 1930, but has now risen to a current figure of $271 billion. In 1929 the Federal debt amounted to 8% of gross public and private debt, it now accounts for 44%, although it has declined from the peak of 65% at the end of the second World War, as inthe post-years private debt and also state and local borrowings had expanded rapidly.

We think it might be timely to call attention to the situation surrounding rye. The loan price on #2 rye in Minneapolis is $1.64 --last night the July future closed in that market at $1.13 1/2. Cash rye is selling from 2 yo 6¢ over. Informed people in the Northwest feel that at the present price level a large percentage of the new crop will go into the loan. According to the last government figures this year's rye crop is estimated at about 23 million bu compared with approximately 18 million bu last year. During last season we imported about 13 1/3 million bu of rye from Canada; this season imports are limited to about 3 1/3 million, and duty has been paid on around that quantity since July 1st, so no moreimports of rye are possible for the next 12 months. The visible supply of rye is about 11 1/2 million bu compared with 3 3/4 million a year ago. Farm stocks on July 1st were close to 3 million bu against 1 1/2 million the previous year. There is some rye in other positions such as interior warehouse stocks yet to be reported. The CCC owns several million bu of the carryover, having received it on last year's loans. In Chicago the future price is about 10¢ per bu lower than in Minneapolis, and approximately 9 1/4 million of the 11 1/2 million bu in the visible is located here, putting this market in the logical position to fill sales for shipment to many areas which Minneapolis cannot reach because of their higher price and higher freight rate. It would appear that the purchase of rye offers opportunities of profit as the season advances as the overall supplies of free rye are restricted due to price disparity compared with the loan, and the impossibility of further imports. Furthermore with the Chicago price lower than exists in the surplus areas it gives this market more merchandising advantages.

The Illinois Weekly Crop Bulletin points out that only the northern sections received any rain in quantity during the past week, and that it was dry in all other sections. The harvest of winter wheat in Illinois is nearing completion earlier than usual, indications are that yields are high and quality excellent. Combining of oats is also ahead of schedule with 50% of the crop having been harvested against 40% a year ago. Corn in this State averages about 4 1/4 feet in height, which is about the same as last year and a little above average.

More apprehension is expressed over the continued warm dry weather throughout the State, and in talking with several localities they report that rain must be received within a few days or serious damage can occur to beans. However, others believe that rain within a week or so in this area will put the crop in good shape. Present indications are for more moderate temperatures, but very little moisture is forecast.

Primary wheat receipts today totaled 4,573,000 bu vs 5,504,000 bu last week, and 4,344,000 bu last year. So far this week Minneapolis and Kansas City wheat stocks show a net increase of 1,533,000 bu.

According to The Southwestern Miller only unimportant amounts of flour were being sold. Prices on spring varieties have eased slightly, but costs are still abnormally high, with the bakery trade hopeful that with the approach of harvest a lower basis might materialize.

We hear of no export business. According to one report Germany plans for wheat purchases are still in the talking stage; the conversations run toward 100,000 tons from Argentina, 120,000 tons from Canada, 160,000 tons of U. S. wheat out of which 40,000 tons could be red wheat , 50,000 tons from Sweden and 40,000 tons from France. No definite date has been set for the purchases, and they may be delayed for at least two months.

Up to the time of writing this letter we have heard of tenders on 95,000 bu. of beans.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

UHLMANN GRAIN CO.

July 15, 1954.

The Senate Floor action on the Farm Bill is expected some time next week, but as yet it is too early to forecast just what the action will be. However, in passing a new Farm Bill it might be well for some of the planners to take a page from our general economic experience of the past year. Six months ago many predictions were being made of the severe readjustments in businesses, and it was suggested by those who leaned toward a planned economy that the work-day should be cut from 8 hours to 6, large scale public work should be undertaken, and at least $20 billion injected into our economy of new purchasing power. However, it now appears as though this country has weathered the storm and has come through a trying business adjustment without encountering a depression, or without resorting to further Fair Deal socialism. The Administration had the foresight and the courage to reject the so-called panaceas, and decided that credit and fiscal policy was strong enough medicine.

In the free economy the two ways of adjusting supply to demand are--first, by cutting back output, and second, by lowering prices. The cutting back of prices has accomplished many purposes in industries which were beset with large inventories. We remember in the early 30's planners were preaching that our population would soon cease to increase, that our economy had arrived at full maturity, and that further growth was not looked for. Since that time industry has shown tremendous strides in production. The population instead of remaining static has been quite the reverse, and as already pointed out, the number of children has increased by 60% in the past 13 or 14 years. New housing facilities, clothing, and food products will be necessary. Furthermore, the increased number of persons with high school education has an influence on the desire for better living standards.

According to Broomhall, the European wheat crop is progressing favorably in most areas, and total production is expected to be between 1,200million and 1,300 million bu; although this is very little, if any, larger than last year, it is well above the 1945-49 average. The outlook is for an improvement in the demand as emergency stocks are gradually absorbed, but it is not easy to forecast to which exporting country the major part of the demand will go. Argentina is now a keen competitor and appears to have large crops growing. Australia and Canada have large unsold reserves which must be disposed of in competition with the U. S. various selling programs. India has had excellent rains for the seeding of autumn food grain crops, although in some eastern areas it has been excessive which may delay field work. Australia has had recent beneficial moisture, although more rains will be needed shortly in some areas. Generally speaking of Europe, weather conditions have been mostly favorable in the west and southern sections of Europe, although in parts of central and southeast Europe flooding has caused damage in some localities, and some crop losses had occurred in the Danube area where floods inundated much adjacent land.

Primary receipts of wheat today totaled 3,937,000 bu versus 4,423,000 bu last week, and 3,721,000 bu comparable day of last year. So far this week Minneapolis and Kansas City wheat stocks show a net increase of 1,835,000 bu.

Our markets were paced today by the strength in wheat, and flour business is relatively small day by day. Last night cash interests east of here were bidding 2 1/2¢ more than Chicago bids, and this morning one of the Ohio mills was bidding as much as 3¢ over yesterday. This caused some anxiety in the Chicago market where purchases overnight had been very small. However, there did not seem to be any real significant buying in the wheat pit, but there was a dearth of selling orders, and on advances the market ran into further covering on stop-loss orders.

Weather overnight turned more favorable in the major portions of the corn and bean territory and in parts of the Southwest. At least, temperatures have moderated, which is a considerable relief from the high records made yesterday. There has been no moisture of consequence, but some scattered showers have been forecast for southern Illinois and Indiana, but at least the change in temperatures has somewhat relieved the tension for the moment in the corn and bean areas. It was reported that a large quantity of beans stored in Chicago had been sold to a processing firm.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

UHLMANN GRAIN CO.
Chicago 4

July 16, 1954

When the attempt was made during the Hoover Administration to support wheat prices, which ended in a debacle, the cost of the experiment was $500 million. At that time everybody looked aghast at the loss, and figured that this would probably be the end of government support programs. Since that time we have had a number of programs attempted, ending up with the 90% loan, all of which has been done at a tremendous cost to our government.

Yesterday, Under-Secretary of Agriculture, True Morse, informed Congress that there is a strong probability that the Commodity Credit Corporation's present borrowing authority of $8 1/2 billion will not be enough to enable the Corporation to operate until Congress returns next year. He, therefore, urged the House Banking Committee to give speedy approval to boost the CCC's borrowing power to $10 billion. In March of this year, Congress boosted the Corporation's borrowing power from $6 3/4 billion to $8 1/2 billion. Under-Secretary Morse indicated that the CCC may have to use all its previous increase in its borrowing power to carry out existing commitments on price supports on the 1954 crop, and at the same time carry the investment resulting from prior years. He stated that government agencies could barely get by on present borrowing power under the most favorable conditions, and would have a large deficiency under heavy crop yields.

One of the expenses to the taxpayers of this country in carrying out all the different programs is the amount of subsidy that is paid under the IWA. On June 21st of this year the subsidy was 36¢ per bu, and at that time Kansas City July futures was $2.02 1/2, making a net price $1.66 1/2 plus the premium at the Gulf. On July 9th the subsidy was raised to 54¢ versus the Kansas City July future price of $2.17 or a net of $1.63 per bu. On July 15th the subsidy was again advanced to 67¢, when Kansas City September future was selling at $2.27, or a net price at the Gulf of $1.60. Thus, it can be seen that as the futures price advanced the subsidy increased, and from the way the net price has also declined, it may be indicative that this country will finally come to the minimum price set forth by the IWA.

Broomhall in commenting on the recent meeting of the IWA Council in England, states that the only suggested solution was continued existence of the present IWA, the claim being made that the Agreement can pay its full part in assuring markets for the exporting countries and supplies for the importers. However, Broomhall calls attention to the fact that the Council has no power to guarantee either supply or demand. Each exporter and each importer regulates its own agriculture. The IWA guarantee of markets rests on the minimum price, but since the Agreement was launched exporters have lacked the courage to quote the minimum. Even should prices decline to the minimum, there are certain escape clauses which can be used by the importing countries to slide out of their obligations. There should be a wide difference between maximum and minimum prices so as to enable price to encourage or discourage supply and demand as circumstances arise. The market should be allowed to function with the greatest flexibility so as to solve efficiently the ordinary day to day problems of both supply and demand.

According to the latest figures of the USDA as of July 13th the U.S. has sold as wheat and flour, in wheat equivalent, a total of 106 million bu under IWA against a quota of approximately 193 1/2 million, leaving a balance of 87 1/2 million with two weeks to go.

According to several private reports from Canada, the wheat acreage in the Prairie Provinces has been cut about 8.7%, or around 2,100,000 acres. The Winnipeg Free Press estimates the planted acreage is 22,507,000 acres. According to the Saskatchewan Department of Agriculture, the past week has been favorable for crop developments through the Province and in many areas rapid growth has taken place. The Canadian government has announced the initial prices to farmers for the new crops unchanged from last year.

Primary receipts of wheat today totaled 5,048,000 bu versus 4,861,000 bu last week and 3,797,000 bu on the comparable day of last year. So far this week, Kansas City and Minneapolis stocks show a net increase of 2,237,000 bu. When the visible is posted on Monday it will compare with an increase last year of 16,027,000 bu.

Two cargoes of hard wheat were reported sold to Japan at the Gulf for the first half of August shipment. Some cracker and cookie flour business was consummated overnight, although business in hard winter and spring flour remained light.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

UHLMANN GRAIN CO.

CHICAGO, ILL

July 19, 1954.

When traders came to their offices this morning many of them were influenced by weather reports and conditions over the weekend. It seems that some fairly good amounts of rainfall had been reported over some portions of western Kansas and the Texas Panhandle, but in the corn belt, where beans are also grown, it was mostly fair except for a heavy shower at Fort Dodge, Iowa. There were rather moderate temperatures in our Northwest, and also a fair amount of moisture, but the mid-west had experienced another rise in temperatures with many highs recorded in a good many stations, all of which occasioned alarm, and there was considerable apprehension that deterioration was taking place.

Beans were extremely strong, and all futures advanced the full permissible limit of 10¢ per bu, while December corn was also bouyant and gained considerable ground over the July and September deliveries. The forecast is for a few widely scattered thunderstorms tonight and probably Tuesday over corn belt sections, but weather will continue to be hot. We have some doubt as to whether the damage is as extensive as some people fear, but whenever we come into markets of this character bad news travels faster than good news, and for the time being there is apt to be firmness until it can actually be determined as to how much real damage has been done. There were fairly good receipts of wheat in the Southwest considering that the movement has subsided, but wheat prices here were naturally influenced by the strength in other cereals, and there appeared to be very few new hedges coming into the market, although mills in Ohio and east of here are apparently less aggressive for the time being, and this may have a little influence on the Chicago market, particularly if some of the grain is diverted to Chicago.

Crop conditions over western Canada continue favorable, and while temperatures have been much cooler than in our country, they did have some warm weather the past week, and generally clear skies which promoted rapid growth in most areas. The early seeded wheat is heading out, especially in the southern districts. However, a large proportion of the crop was seeded late, and therefore development has varied a good deal between different sections. The Durum crop in the U S has suffered, and according to a dispatch carried in the Minneapolis Tribune, wheat has been cut 400,000 bu a day by black stem rust. Estimates of the 1954 production have dropped 6 million bu since July 1st. Hot, humid weather of the past two weeks has been ideal for rust build-up, according to that story.

According to the Bureau of Customs about 3 1/4 million bu of rye has been imported under the 1954-55 quota, and it all came in during the first few days of July. Under the circumstances we shall probably not have any further imports for the balance of the season. Chicago is about the only market with sizeable stocks upon which to draw, and we continue to feel that rye is cheap compared to corn, and certainly very cheap compared to wheat, so that better prices could easily prevail. We regard this cereal as being in a very cheap category.

In the Southwest, farmers are selling their wheat more freely, and the discounts under loan levels have narrowed greatly, particularly for better quality grain. However, mills have become more conservative due to the almost entire lack of space, but are still paying premiums above spot levels for quick shipment.

Broomhall reports that weather conditions are mostly favorable for the new planted wheat in Argentina, and that the crop has gotten off to an excellent start. Moisture is adequate over most of the country, and seeding operations are practically finished. There probably will be very little acreage change from last year.

The wheat visible increased 16.8 million bu to a total of 350.5 million; these stocks are 66.5 million bu larger than last year. In Chicago there was an increase of 3 1/4 million bu, making the total here 14 million bu. The U. S. corn visible decreased 716,000 bu. Oats increased 2 million bu, and beans decreased 330,000 bu. There are still 2.8 million bu of beans in Chicago.

We talked with informed people regarding corn and soybeans, and the opinion was that corn was being hurt more than beans, because in Southern Illinois it was tasseled and was not shooting ears. Thus proper pollenization was being prevented. Soybeans could probably recover with a second growth provided rain comes within a week, but corn needs rain in some abundance and rather soon. These people do not claim a crop failure but the situation is serious. Farther north in Illinois both crops are apparently doing well. All reports from Missouri and eastern Kansas are much more serious. Corn prices, particularly for the new crop futures, were very strong, and up the limit. There was scattered buying in oats, no special feature, but apparently that commodity was influenced by the strength in surrounding cereals. Rye was very strong.

DAILY MARKET LETTER

UHLMANN GRAIN CO.

Chicago 4 July 20, 1954

On Friday of this week there will be a referendum on wheat marketing quotas for the 1955 crop. Farmers will be somewhat in the dark as there is no certainty as to whether the loan next year will be maintained at the 90% of parity level, although it seems pretty well agreed now that some compromise will be made. Mr. Benson has already stated that irrespective of what legislation is passed, price supports on the 1955 wheat crop will be at least at the 80% level, and we would not be surprised if the House-Senate compromise would finally set a percentage figure somewhat higher. If an affirmative vote on quotas is cast this will be the second year of acreage cuts, and the reduction will be from 78 million acres two years ago to 55 million acres, or in other words, 30% less. This means that a man who had farmed 100 acres originally would now be down to 70 acres. In the past, however, he was permitted to plant other crops on diverted land, but from now on he must comply not only with the wheat acreage allotment, but also the allotment for other crops in order to be eligible for price supports. This is quite a handicap as it means that the producer must either let his land lie idle or else he may put it into soil-building crops. Mr. Benson feels that the national quotas for wheat acreage plantings will be passed, and it is very likely that this will happen. However, there is always an outside chance that farmers will weigh the two alternatives and prefer to sow their full acreage and take a chance of selling their wheat on the market for whatever price it would bring.

Before our market opened this morning, it was naturally influenced by weather reports, and severe temperatures occurred yesterday over many sections of the country including the corn belt and our Southwest. There had been a little rain in Kansas, notably Dodge City and Garden City, and also a few light showers in Nebraska, but map readers are not very hopeful that any real relief is in prospect. While a few thunderstorms are forecast here and there, the outlook is still for high temperatures generally, and for the corn and bean belt it looks as though it would continue hot tonight and Wednesday, while for the Southwest some widely scattered showers are likely and only a temporary cooling period in the thunderstorm areas.

This naturally affected the bean market again, particularly as oil and new-crop meal prices were higher, and almost immediately after the opening prices were bid up 10¢ per bu for all futures of beans. Corn was also influenced by adverse weather, except that there is general knowledge that the government holds tremendous stocks of old corn, and at a price there is always a chance that it could be sold on the domestic market. That, however, is not the case now.

The Peavey report stated that all crops during the week were forced rapidly toward maturity, and while there is quite a bit of cutting of oats and barley in the southern sections of the Red River Valley, it is anticipated that later yields will be reduced because of heat conditions. It seems that Durum wheat in particular is suffering heavily, but taking wheat as a whole indications are still for fair to good crops, and the same is true of other small grains and flax.

Primary receipts of wheat amounted to 4.5 million bu today, versus 4.8 million bu last week, and 4 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 655,000 bu.

Toward mid-session the deferred bean futures receded from the limit, although there was only a moderate trade in July at the 10¢ advance. When the government weekly crop report was issued there seemed to be urgent buying on the statement that rains were urgently needed in most of the main producing areas except the extreme north. Many blooms were dropping due to hot, dry weather, and there was some damage in Missouri, and the southern Illinois area, while growth was at a standstill in the middle and southern Great Plains where serious damage will result if the drought persists. The unusually hot, dry weather was also detrimental to corn in central, southern and extreme western portions of the belt. This brought rallies into the market with the result that all bean futures closed up 10¢ per bu for the second successive day.

Wheat was rather indifferent in spite of strength in other pits. Most of the Chicago wheat buyers to-date have bought a rather satisfactory amount of wheat largely through the spot market, as consignments have been running proportionately better than to-arrive purchases. In the aggregate amount, total purchases are probably considerably less than a year ago, but surely better than had been anticipated earlier. It was extremely dull in flour circles, a little business is being uncovered from day to day, but generally speaking buyers are on the side lines following the large sales which occurred about two weeks ago.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 21, 1954

Forecasting the weather has become a great science, and attempts have even been made to give the outlook as far ahead as 30 days. However, there are so many uncertainties with respect to wind changes, dissipation of highs and lows, in barometric pressure that it can scarcely be an exact science. Even yesterday three hours before the rains came none of the weather men could see the sudden change that was taking place.

Corn had been extremely strong yesterday and all bean futures were up the limit. It was figured that hot and dry weather would continue for a time yet, but unexpected moisture occurred pretty generally over the corn belt, probably averaging 1/2 inch, and in many places it was a good deal heavier. It was also accompanied by cooler temperatures, and it seems that more precipitation is likely for southern and central Illinois, Indiana and Ohio. There has been very little moisture in Nebraska, and temperatures probably will rule high for that State, but more attention marketwise was paid to the improvement in other parts of the country. We had a sharp reversal early this morning with the possible exception of July beans, which at the opening were considerably higher. There was general selling in all pits, and not much attention was paid to some of the crop reports, like the Iowa weekly, which spoke of deterioration during the past week, with all sections of the State requiring moisture, -- the need being greatest in the south. The Illinois report was also pessimistic, and it spoke of burning skies overhead and dry baked soil below which were rapidly reducing the Illinois corn and soybean prospects, but, of course, overnight moisture and what is yet to come will undoubtedly change the crop outlook materially.

There were also a few scattered showers over our Northwest, and some light rains in the Southwest. Precipitation in spring wheat areas is likely to continue tonight and Thursday, but it will turn warmer in the west by Thursday. Some moderation in temperatures is also expected in the Southwest with some scattered thunderstorms.

Secretary Benson had been importuned to postpone the referendum vote among wheat farmers which was scheduled for next Friday, but no action was taken in spite of the uncertainties of legislation that may still occur. It is not practicable to call off a referendum at this late date, as farmers will soon be planting their winter wheat for next season. Furthermore, letters had been sent out to producers informing them of the impending vote. Mr. Benson told Senator Young he regretted not being in a position to supply minimum price propping levels, but he had indicated previously that in no case will the support for basic commodities fall below 80% of parity. If there is a negative vote the support level would be at 50% of parity, but there is not much chance that the quotas under such circumstances will be turned down.

Primary receipts of wheat were 3.5 million bu compared with 4.5 million bu last week, and 2.6 million bu last year. So far this week Kansas City and Minneapolis show a total increase of 1,092,000 bu.

Trade was large but not as heavy as yesterday. It was not long after the opening bell that the deferred bean futures declined the full 10¢ per bu permissible limit, which was just the opposite of what happened yesterday. However, July beans traded rather actively, and at the opening this morning there was still a very large interest -- in fact, 6 1/4 million bu still to be settled or to be delivered. Wheat and corn were quite weak. Corn was naturally influenced by better weather, although the later forecast was not quite as promising for additional moisture. Nevertheless, the close was 8¢ lower, which was the limit down. There was no heavy trading in oats, but some changing orders, and going into the market this morning there was still a very large open interest in the July delivery, with 3 million bu either to be settled through pit transactions or by actual delivery. Rye was moderately lower in sympathy with other grains, but this was to be expected. We have noted that quite a large quantity of soybeans have been bought on a to-arrive basis for Chicago during the last few days, and there is some possibility, therefore, that there may be track deliveries toward the last of the month to settle July contracts. Flour business remained extremely dull.

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CHICAGO, 4

July 22, 1954

According to the broadtape there was an item stating that Senator Aiken had agreed to a one week postponement of the Senate farm bill, and it was thought that such action might wreck chances for farm legislation this year. The Vermont Republican stated he was told last night by Senate Democratic leaders that they would block a vote of farm measure until after July 27th. The farm bill had been next on the Senate legislative program, and it therefore leaves matters in a rather uncertain state. Unless the rigid high support of 90% is extended, flexible supports of 75 to 90% on basic commodities go into effect next year, but it was stated that farmers could rely on Secretary Benson to carry out a good and sound farm program even if the sliding scale will be put into effect.

According to the Weather Bureau there had been some rains in southern Illinois, southern Indiana and Missouri, but from all we hear the relief has not been complete in all districts, although the forecast is reasonably satisfactory. While warmer temperatures are in prospect they should be followed soon by a drop in thermometer readings. Our own weather man is forecasting some showers for Iowa and Nebraska tonight and for Indiana and Illinois by Friday night or Saturday. During such periods it is difficult to say whether the thundershowers will be general, but at least more relief seems to be in prospect.

There were a number of bean orders last night that could not be filled at the 10¢ decline, and therefore the carry-over feeling was somewhat bearish, so that we had further selling today, and the September future was most influenced by the weakness in cash beans, which in some cases were selling as much as 30 to 35¢ below recent figures. We heard of some cash beans that sold as low as $3.65 per bu in Chicago, but some prices may have been higher. In any event, this is quite a contrast to the expiration price of the July future, which was around $4.06 per bu; in fact at one time yesterday a new seasonal high was made for July at better than $4.25. Last year's crop was a very small one, and we have reached a point in this country where consumption, including exports, seed requirements, etc. is about 300 million bu, and this is quite a contrast to the period 30 or 35 years ago when we only raised 5 or 10 million bu.

There were some showers over the Canadian Provinces, and in our Northwest, and we also heard of some rains in Nebraska, nevertheless, the prospect for spring wheat has probably deteriorated since the last government report was issued, but not much attention is being paid to this factor, particularly at a time when milling demand is very poor, and when there is hardly any inquiry for export.

The Department of Agriculture has asked for bids for construction of 50 million bu more space to be used for grain acquired under the government price support program. These bins will go mostly into the corn areas in the midwest. It was stated that if dry weather continues in the corn belt and cuts back production that storage needs would be eased.

Primary receipts of wheat were 3.6 million bu compared with 3.9 million bu last week and 3.7 million last year. Kansas City and Minneapolis stocks so far this week show a total increase of 1,575,000 bu.

While the wheat market was a little indifferent early there seemed to be a better sentiment, and it is generally assumed now that the referendum vote by farmers tomorrow will be affirmative.

There had been some fairly good rains reported in western Kansas, which should be helpful for beans and sorghums, but there are still many areas in the Southwest which have been unrelieved. News from growing areas indicated that with the recent moisture the pods and blooms of beans should improve, and recoveries were minor for the deferred months, while the September future was still not wanted at the full 10¢ decline. Corn prices were quite strong, and one of the leading industries raised their bid for cash corn which brought in some buying in the pit, with the result that futures were quite strong. There was not a great deal of trade in oats, and hardly any feature, although possibly some buying of the September delivery for one of the industries.

The late forecast suggested some showers spreading into the Missouri Valley, and chances are that Western Iowa and Minnesota will benefit. The stationary front through Southern Illinois and Indiana is expected to continue and should bring showers and thunderstorms to the Lake Michigan region by Friday. More moderate temperatures by that time should also prevail. Practically nothing is being done in hard winter flour beyond spot bookings, and for that reason not many hedges are being taken out of the pit.

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CHICAGO, 4 July 23, 1954

Today the farmers of the nation will vote on the wheat referendum, and it is almost an assured fact that there will be an affirmative vote, although it may not be as decisive as last year. We say this for the reason that for the first time the farmer may not use his diverted acres in a manner that he sees fit, but rather he is controlled by Uncle Sam. Formerly much of the wheat land was shifted to grain sorghums, corn, soybeans, barley and other grains, and thus surpluses developed in those crops, but the new regulations call for planting controls for all wheat farmers who divert more than 10 acres from their basic crop. Furthermore, next year's acreage allotment notices have just gone out, and for many producers it was quite a shock as reductions have been heavy, and total wheat acreage will be cut to 55 million compared to 78 million originally. If the farmer should by any chance vote down quotas, the individual grower would have two alternatives. He could either grow as much wheat as he wishes and take whatever market price prevails in the open market, or he could cut his acreage to the government proposed figure, and qualify for support, but only at 50% of parity, which would be approximately $1.25 a bu on the present basis. With acreage reductions now going into the second year, there are growing complaints that the system is not as attractive, but despite the discontent it is pretty well conceded that farmers will still go along with the government program.

There was some nice moisture overnight in the Southwest, and in parts of Western Kansas as much as 2 inches of rain fell, and we would say that Southwest Kansas has received substantital benefit, but the precipitation extended also into Oklahoma, and most parts of the State had at least a trace, while elsewhere it was heavier. In Texas there were also good rains over many sections of the West. We had further rains in the Ohio River Valley, so that Southern Indiana and Southern Illinois have now been relieved, and a little more rain is in sight. Of more importance probably is the drop in temperatures, and the excessive heat wave has been broken, with thermometer registering declines of 10 to 30 degrees.

Feed grains make up the major proportion of our crop volume. According to the last government report, we had a prospect for the second largest corn crop, a record outturn of oats, the barley crop much larger than average, while sorghum is being grown on a near record acreage. Since the first of the month there have been reductions in the outlook, and it is not likely that the average corn yield of 41.3 bu per harvested acre is any longer a possibility. Even with the improvement in weather, considerable damage has been sustained, so that recoveries if they occur, are not likely to give us a final corn yield of 3.3 billion bu, as was suggested by the July figure. The hay crop was said to be the third largest on record, and was fairly well distributed according to needs, except where drought had been currently severe. However, some reduction for that commodity also appears likely. The rye crop is the largest for several years, and rice continues its series of record-breaking outturns, so that on the whole it still looks as though we would have a reasonably good agricultural season. The wheat crop, of course, is smaller, but this is due mainly to the cut in acreage. Nearly 358 million acres of all crops were planted for growing this season, which is only about 1/2 million acres less than the average, or the 1953 total.

Primary receipts of wheat were a little over 3 million bu today; this compares with about 5 million bu last week, and 2.3 million bu last year. Kansas City and Minneapolis stock so far this week show a total increase of 2,129,000bu.

Markets were only fairly active, and no doubt with the referendum vote coming a good many people are awaiting the results, but in any case the sale of three cargoes of wheat to Japan and a little German buying may have had something to do with the improved sentiment. However, the greatest strength was in beans, and with meal and oil prices higher there was a little better feeling in the bean market, particularly after the recent declines. It looks as though there may be some more rains in the Texas Panhandle district over the weekend.

Corn was rather strong in spite of recent moisture. There are only moderate receipts in Chicago, and there is no particular pressure. Flour sales were again limited, and business was inactive. Some evening up occurred prior to the weekend, but in the main the undertone was quite satisfactory.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 26, 1954.

There is an old adage in the grain trade which says in effect that the bear side of the corn market during July is often hazardous. The reason for this is that the crop is generally not made until about August 10th. We often get severe temperatures during July, and as a matter of fact, we have had more than our share of hot weather so far this season, with temperatures again very high in the Southwest, although it was accompanied by some rains in Western Kansas and the eastern slope of the Rockies. Temperatures are not excessive over the corn belt but there were no rains over the week-end, and advices from Washington, while private in source, now indicate that the recent intense heat wave and inadequate moisture conditions may have reduced the corn crop to about 3 billion bu. Should further excessive heat continue without good rains, it might finally knock the crop down to about 2.8 billion bu. Substantial deterioration in the soybean outlook is also reported, although the American Soybean Association states that the yield outlook is still rated as excellent in Minnesota, Northern Iowa, and in a belt through Northern Illinois, Northern Indiana, and Ohio. The suffering has been the worst (or at least until last week's rains were reported) in extreme Southern Iowa, Southern Illinois, Missouri, Arkansas, and Mississippi. One observer still rates the outlook for the mid-South as a whole "average" with current prospects improved due to recent showers. In any case with lack of selling orders the bean market rushed up a full 10¢ in early trade, and other than the news just given there was nothing of particular note.

We had a government report after the close of the market on Friday and the carryover reserve of wheat was given as 903 million bu, which is a record total for July 1st, and compares with stocks of 562 million bu a year ago, and the former record of 631 million bu on July 1, 1942. The carryover reserve of rye was 14 million bu, and is the largest since 1944, comparing with 6.3 million bu last year and 3.9 million bu two years ago. Current stocks are nevertheless considerably smaller than carryover in the years prior to 1945 when production was much larger than at present. Corn stocks of 1,403 million bu on July 1st are 22 million bu larger than the previous July 1st record set in 1950. The oat carryover of 234 million bu is 20 million less than last season and smaller than in all but three of the previous eleven years of record. The report on sorghum grain is not complete and the government has given only the amount that is carried in off-farm positions.

We also had the results of the Farm Referendum, and the vote was affirmative, but not at all decisive. About 73% of those voting favored the continuation of wheat loans at a percentage level not yet fixed by the Congress, but by the same token it is a mandate to farmers who wish to take the loan to cut their wheat acreage next season to 55 million acres. It now appears likely that Congress will ultimately attempt a flexible price support range for basic commodities, and chances are that farm legislation will be subject to a Conference Committee Agreement between the two Chambers since the bills are widely at variance. The Farm Bill will probably be the last piece of legislation considered by Congress before its adjournment.

The visible supply of wheat showed an increase of 16 3/4 million bu. The total in all positions is 367 1/4 million bu or about 69 1/2 million bu more than we had on hand last year. Corn decreased 670,000 bu.; oats increased 2 1/2 million bu.; rye decreased 107,000 bu. and soybeans decreased 733,000 bu. Here in Chicago we have 16 1/4 million bu of wheat; 9.1 million bu of r ye; 7 1/2 million bu of other grains, or a total of all commodities, including beans, of 32.8 million bu.

There was considerable strength to the markets and the Quaker Oats report was regarded as bullish. It stated that no amount of precipitation could revive a big portion of the corn crop across the southern one-third of the main belt. Other reports, in discussing beans, were not as bad, but in any case corn and beans were mostly influenced by the weather, although wheat, rye, and oats were also affected, and went up in sympathy.

Milling demand was rather slack but not much attention was paid to that factor. The deferred months of wheat were strongest, probably influenced by the Farm Vote on the Referendum.

UHLMANN GRAIN CO.

There is an old adage in the corn trade [illegible] that the [illegible] of the corn market during the [illegible] [illegible] the [illegible] crop is generally not made until about [illegible], so often [illegible] during July, and as [illegible] of [illegible] made [illegible]

[illegible] have comparatively [illegible] in [illegible] Kansas [illegible] the Rockies. Temperatures [illegible] excessive [illegible] the [illegible] rains over the weekend, and [illegible] [illegible] may have reduced the corn crop to about 3 billion bu. Should [illegible] continue without good rains, it might [illegible] the crop down to about 3 billion bu. Substantial [illegible] cotton [illegible] also [illegible], although the [illegible]

[illegible]

[illegible] eastern [illegible] corn [illegible] [illegible] Mississippi. [illegible] still [illegible] the [illegible] a whole "average" with current [illegible] to [illegible] with lack of [illegible] been [illegible] up a [illegible], and other than [illegible] [illegible] the

[illegible] carryover reserve of wheat [illegible] July 1st, and compares with [illegible] [illegible] is the largest [illegible]

[illegible] Corn stocks of 1948 [illegible] the previous [illegible] record [illegible] less than [illegible] years of record. The report [illegible] has given [illegible] amount that is [illegible]

[illegible] but not at all decisive. [illegible] loans at a percentage level [illegible] it is a mandate to farmers [illegible] next season to 55 million acres. It now [illegible] accept a flexible price support [illegible] farm legislation will be subject to a [illegible] two [illegible] the bills are [illegible] be the [illegible] piece of legislation [illegible]

The visible supply of wheat [illegible] total in all positions is [illegible] million bu or [illegible] more than we had on hand last year. Corn decreased [illegible] but [illegible] increased [illegible] million bu; oats decreased [illegible] and soybeans decreased [illegible] we have [illegible] million bu of [illegible] million bu of [illegible] or a total of all commodities [illegible]

[illegible]

[illegible] of the corn [illegible] [illegible] mostly influenced by the weather [illegible] and oats were also

Millers' demand was rather slack [illegible] the deferred months of Wheat [illegible]

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4

July 27, 1954

Since Sunday there have been some disagreeable incidents over the South China Sea beyond the 12-mile territorial limit of Red-controlled Hainan Island. U. S. planes shot down two Communist craft that fired on them off China, but we do not regard this as a factor that will lead to war, nor did the stock market yesterday or today denote that any particular significance was paid to these happenings.

More attention was directed to the weather, and we had a continuation of the dry spell, which was largely responsible for yesterday's advance in beans and in corn. Temperatures over the corn belt had not been excessive and about the only precipitation outside of the Northwest was in the northwestern section of Iowa, with little likelihood that there will be a break-up either immediately or for the next five days. It will probably continue fair and warm tonight and Wednesday in the Southwest. Many people are comparing the weather this year with that in 1936, when we had so many hot winds. The similarity is not too great and we have not had the adverse reports that one might expect, although the situation is still critical and the corn crop is seldom made until the first week or so in August. On the other hand, beans have responded fairly well to recent moisture, where it occurred, and from what we hear that crop never showed the damage which corn did. The recent Baldwin report claimed that the joints are closer together and that beans are blooming profusely. While it is true that some blooms had dropped off, this is not necessarily an indication that the plant has collapsed. In fact, after the bloom has served its function of pollination it generally does fall off, and this occurs whether we have warm or cold weather, and even in periods when there is moisture. After that the pods come on and further development takes place. Early fields are apparently showing good podding. For this and other reasons one should not give up the crop at this early date, although we can easily understand why there is apprehension, although when the market reached another 10¢ advance, there seemed to be profit-taking and best prices did not hold.

Secretary Benson has indicated that Congress will probably stay in session until a Farm Bill is enacted. A good many Senators appreciate that unless something is done we shall automatically have the lower loan level of 75 to 90% of parity, which would become effective next year, and there may be some legislators who want to modify the previous law. In any case wheat prices were somewhat lower, and in the Southwest space has filled up pretty rapidly with the result that the present demand is not quite as brisk, although high premiums still prevail and there is no marked weakness in either cash markets or in futures.

The Occident report called attention to severe weather in the Northwest, which dealt further punishment to the crop throughout most of the territory served by its stations. Most points recorded temperatures in the 90's with a number of reports in the lower 100's. The week as a whole was windy; a few stations had reported beneficial rains but these were widely scattered and very limited in number.

Primary receipts of wheat amounted to 2.7 million bu compared to 4.5 million bu last week and 3.1 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 540,000 bu.

The trade was reasonably active, particularly in beans and on several occasions the market advanced to the ceiling level and it should be noted that all bean futures made a new season's high today and, in fact, all corn futures made new highs, except the September delivery. The government weekly crop report on beans stated that in the northern portion of the main producing area soybeans generally are making good growth but soon will need rain. In the southern sections the condition is below normal and some beans have been heavily damaged. It is difficult to try to figure out what the government report will show next month but we believe that on the prospect of a sharp reduction there has been considerable covering.

Wheat was distinctly weak and there was no special feature except that the demand was poor. Export sales are hardly mentioned and there has been no pick-up in flour sales. Most of the orders coming in are for immediate shipment. Rye prices were also considerably lower.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 28, 1954

Cash receipts from farm marketings in the first half of this year were down 3% from the year before. Total marketings were virtually the same as last year, but prices averaged lower. During the second quarter of this year consumer-spending rose to a new high. The willingness of consumers to buy reflects primarily near-record consumer incomes. On the other hand consumer incomes after taxes in the period from April to June were down only slightly from the record first quarter return. Even with this situation it is not apt to have much influence on a commodity like wheat, as bread consumption has been declining and very likely with prosperity at home a good many people are eating other foods in preference, and only a minimum quantity of bread. Even though our population has risen to an all-time high, we find that less than 500 million bu wheat is used for bread purposes, cereals, etc., indicating that the desire for meat, vegetables, etc. has been on the increase. For example, watermelons will again account for the heaviest tonnage among the vegetables harvested for fresh market shipment. The crop was a large one, having been 17% larger than the year before and 22% above the 1949-52 average. On the other hand prices declined rather sharply and were 45% lower than a year ago. Total stocks of canned vegetables held by packers and wholesale distributers are much larger than the year before, and frozen vegetable stocks this year are about 15% greater in comparison with supplies onJuly 1, 1953. Another large pack of frozen vegetables is expected this year although there is not sufficient data available as yet to indicate whether it will surpass last year's record of more than a billion pounds.

Before our market opened this morning there had been reports of rain in the Northwest, also for northwestern portions of Iowa and Western Kansas. The latter was in some cases an inch or more although the heaviest rainfall in Iowa was about 3/4 inch at Spencer. Widely scattered showers are expected tonight for the Northwest while in the corn belt scattered showers are likely in Western Iowa this afternoon and tonight, and in other sections of Iowa by Thursday. The rain is likely to move over northern sections of Illinois and Indiana by Friday afternoon and night, continuing warm.

This naturally had some effect on the corn and bean markets which opened lower, and while rainfall thus far has only been partial it does at least look as though the weather map might be undergoing a change, and there is the possibility that the drought is gradually breaking. It may take more than just showers to relieve the present situation, as much of the country has gone through a critical period, and in sections of Iowa where rainfall has been deficient for the past several weeks crops continue to show the effects of dry weather. The weekly report states that a general rain is needed in practically all sections of Iowa, especially in the southern areas. Cooler weather in Nebraska during the past week slowed deterioration of corn but there was considerable deterioration again, and while rains were quite general over the western two-thirds of the State, the main corn area in Eastern Nebraska received very little rainfall. Above normal temperatures during most of the period since July 11th and extremely high temperatures during much of July damaged the corn crop, but, nevertheless, it still has good color.

Primary receipts of wheat amounted to 2.3 million bu, which compared with 3 1/2 million bu last week and 1.7 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 835,000 bu.

The wheat market was again weak and flour business does not show any improvement. By the same token, there is very little export business being reported, but after mid-session, when the weather bureau gave us an advance outlook for Thursday, predicting hot and dry weather, beans rallied sharply, with the September delivery making a season's high, and this also influenced the corn market. However, a report of rain at Clinton, Iowa and at Dixon, Illinois caused weakness toward the close.

We are told by some people in the Northwest that as much as 60% or more of the Northwest Rye may go into the loan and thus there could be an artificial situation, despite the large stocks still held in Chicago. In a weather market both longs and shorts are nervous and any change could easily give us quick changes. However, we are still getting pessimistic reports on beans and corn from the southern one-third of Illinois and possibly rains will come too late to bring much improvement, although in other sections moisture would be of vast help to the crops.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 July 29, 1954

Weather markets are always very difficult to gauge and even at noon yesterday the local weather forecasters were unable to detect the imminence of rains in this district, but, nevertheless, toward 4 o'clock in the afternoon precipitation started, and in this area we had a heavy downpour, which continued during most of the night. Rains extended as far South in Illinois as Springfield, probably covering half the state. Bloomington, for example, had 1 1/2 inches rain, but at Jacksonville there was only 1/4 inch, and we would say that the southern third of Illinois is still unrelieved. The same is true for many sections of Missouri and the Southwest. They had a nice rain at Clinton, Iowa and at Burlington, and chances are that rain is moving eastward so that northern Indiana and northern Ohio will be benefited today and tonight, and to that extent the situation has been materially helped. A few scattered showers also occurred over our Northwest, but it remains warm in Kansas, Texas, and Oklahoma, and it looks as though there would be no change during the next twenty-four hours. It will probably remain warm also in the corn belt, except cooler in Nebraska tonight. Corn and beans opened lower, and, of course, there were surprises in the ~~r~~ains but the market was not overly depressed, and there appeared to be some short-covering on breaks.

After the close of the market yesterday the Canadian acreage report was given, and it seems that for the Provinces sowing of wheat has been cut about 5%, which is a smaller reduction than had been expected and shows that even with adverse weather at time of planting farmers were able to go ahead with their work pretty well. There was a heavy reduction in rye acreage but that we believe was intentional due to unsatisfactory prices and this year's acreage is only about half as large as last year, but, of course, with the large carryover there should not be any shortage particularly as Canada will not be able to ship any more of its rye this season to the U. S. under the quota system.

Our wheat market was naturally influenced for a few moments by the weakness in other cereals but there appeared to be backspreading; moreover, Germany is expected to buy 80,000 tons gulf wheat on Friday, while Portugal may take 4 cargoes of either gulf or Atlantic red wheat, and at the same time Japan is asking for offers over the week-end. How much of this grain may come out of government stocks is not known but in any case wheat, which has been quite depressed for several days, was subjected to a little short-covering and there was a somewhat better undertone. We also heard of some parcels of Manitobas that had been sold overnight to the U. K.

Here in Chicago the corn-hog ratio for the past week was 13.4, which is a reduction from 14.2 last week and 16.8 last year.

We hear nothing further from Washington with respect to farm legislation, but it is fairly certain now that some type of flexible loan will become operative. The fact that Secretary B enson has canvassed the country and explained to farmers and urban people alike that accumulations are becoming unbearable has finally borne fruit, and we believe that with his sincerity and straightforward thinking he has made great progress in educating voters that the glut of agricultural commodities will continue to grow unless precautions are taken. It costs $700,000 a day to store farm surpluses and thinking people realize that acreage cuts alone may not solve our problems.

Primary receipts of wheat amounted to about 3 million bu, which compared with 3.6 million bu last week and 1.6 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 455,000 bu.

Trade was not near as active as earlier in the week. There may have been a little buying of wheat on the fact that Russian Naval Vessels were sent into the Hainan area, although nobody regards this as particularly war-like.

We had advices from the Northwest calling attention to the possibility that the next government report would reduce the spring wheat crop further, although not drastically. It looks as though the rust will probably not do as much damage as last year, except to the Durum crop. Drought has probably been a serious factor in addition to rust.

The late weather outlook is for the possibility of light showers in Southwestern Illinois, which might extend eastward, but chances are that these rains, if they occur, will not extend as far north as Springfield.

Beans were nervous, but trade was not too active. The close was mixed and we had a fairly good rally from the early break, with deferred futures higher.

Flour business is nearly at a standstill as far as Hard Winter sales are concerned, [illegible] July [illegible]

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After the close of the market yesterday [illegible]
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ge particularly as Canada will not be able to ship any more of [illegible]
on to the U. S. under the trade agreement.

Our wheat market was [illegible]
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of either gulf or Atlantic [illegible], and [illegible]
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was subject [illegible]

to the U. K.

Corn in Chicago [illegible]
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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4

July 30, 1954

After the close of the market yesterday the government published a report showing the amount of beans in various positions. The stock of 33 million bu is all that is left from last season's small crop and will have to suffice until the next harvest takes place. This figure compares with 62 million bu on hand a year ago, from which there was a carryover of about 10 million bu. The supply two years ago was 45 million bu. Everyone knew that the situation was very tight, and, indeed, the price that ruled for the July delivery before expiration indicated that there was full cognizance of the close adjustment. Had it not been for the fact that high prices prevailed, we probably would not have had sufficient saving to make ends meet. Even as it was the over-all disappearance between April 1st and July 1st was 84 million bu, about equal to each of the last two years when disappearance was 85 million bu. Trade apparently construed this report as somewhat bullish.

Before our market opened meal prices were quite strong, and we also had the Census Bureau report on soybean crushings, with a figure given of 15.4 million bu for June. This was somewhat smaller than the May crushings, also crushings a year ago, and was probably in line with most expectations. As far as wheat was concerned, it had been subjected to short-covering for the last few days. Some people were apprehensive of incidents in the Chinese area, but even with some export business reported this morning, first prices for wheat were somewhat indifferent. Portugal had purchased a cargo of hard winters, and we also heard that 2 cargoes red wheat were involved, but there was little evidence of hedges being lifted. Possibly there was some buying previously, and it may have been that part of the stocks came from government holdings.

Weather reports were not entirely unfavorable and it looks as though there may be some rain in Northern Illinois, Northern Indiana by Saturday night, or at least over the week-end. Rains also may occur over Nebraska and Iowa, while the five-day forecast suggests 1/2 inch rain in northern sections of the corn belt, with possibly 1/4 inch occurring as showers by Sunday and again on Tuesday. For this reason the situation is not too grave except that some of the recent forecasts have not been actually borne out and there are still many districts that require precipitation. As far as the Southwest is concerned, there is little likelihood of any relief except possibly that temperatures may moderate. It has still been exceptionally warm over many parts of Kansas and Oklahoma.

Broomhall reports from Europe are somewhat mixed but on the whole conditions are reasonably favorable. We saw a crop estimate recently for France indicating wheat yield of 323 million bu, which is quite satisfactory for that country.

There was a report this morning from Canada, quoting the Winnipeg Tribune, to the effect that the rust situation was severe on 7 1/2 million acres of the area sown to spring wheat in the Prairie Provinces. These districts were badly infested with rust and it was said that if more humid weather favors its spread a loss of 1/2 to 3/4 of the crop on those acres could occur. Current infestation is the widest since 1935 when the loss amounted to 25% of the crop in the rust area. While there had been some further showers over Canada last night, mostly in the west, weather now is clear and temperatures a little cooler.

Primary receipts of wheat amounted to 2.2 million bu compared to 3 million bu last week and 2 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 1 1/4 million bu.

Trade was rather active today. There was not much incentive for buying wheat, the crops are all pretty well made now and even in the Northwest we hear very few complaints, although as stated yesterday, the final results may be somewhat lower than the last government report. Beans were extremely strong and there was considerable short covering prior to the week-end. All futures went into new high ground.

The Chicago Northwestern Railway was rather pessimistic in its outlook for corn. They called attention to appreciable reduction during the last month and stated that at the present time 2 1/2 billion total could be the maximum produced. A statement as sensational as this aroused considerable anxiety on the part of shorts and the corn market was higher. Other reports that we receive were not near so exciting in tone, but, nevertheless, this is an important Railroad, and we believe that a good many people also reasoned that the bean crop, by the same token, might have gone back considerably. The Census Bureau report on stocks of soybeans at processing plants was about 3 million bu larger than the stocks by the government for the same location yesterday, and therefore the total figure should probably be increased by the same amount, which would make it 36 million bu instead of the 33 million bu mentioned earlier in this letter.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

August 2, 1954

Most of the literature that came to our desk last week was of a pessimistic nature, and a good many people throughout the country had been speaking about the drought. Some of them reminded us of the 1936 period when we had hot winds, etc., but it should be remembered that despite the bad era from 1933 through 1936 when each year, successively, we had failure wheat crops, there had only been seven major droughts over a period of fifty years, so that for forty-six years prior to 1933 the question of drought was not too important in agricultural history. We recognize that dry weather has affected virtually all of thirty states and, therefore, apprehension was well founded. The Weather Bureau did not give too much encouragement on Friday, but yet the rains which fell over the week-end were the best in weeks, and there was wonderful relief in the Southwest, with good rains in Kansas, Missouri, Oklahoma, with the exception of the Oklahoma Panhandle. The forecast was for more showery conditions this afternoon and tonight, including the Panhandle. Tennessee and parts of the Southeast were also benefited, and we had generous rains over most of the corn and bean belts except the extreme southern portion of Illinois and Indiana. Temperatures had also fallen decidedly since Friday morning, and mostly moderate thermometer readings are now being reported. Chances are scattered thunderstorms will occur tonight and possibly Tuesday for southwestern districts and not quite so warm. In the corn belt it will probably be fair in the north portions but showers and thunderstorms are likely in the more southerly districts up the Ohio River Valley and cooler weather is in prospect.

All this naturally had an influence on our markets and soybeans had been at a seasonal high level on Friday but in the first few minutes of trade today there was a 10¢ decline and there seemed to be considerable liquidation. Corn was also very weak and there can be little doubt as to the fact that crop improvement has taken place. To what extent this will be reflected in the private report on Wednesday or later by the government is difficult to state. Crop estimates generally tend to lag behind crop developments, whether good or bad.

Our total exports of wheat and flour are now given as 217 million bu the past season. This is a reduction of 100 million bu from the year before and compares with 475 million bu in the 1951-52 crop-year. During the 1953-54 crop-year only 58 million bu wheat was fed to livestock. This compares with 119 million bu fed in 1952-53 and 93 million bu in 1951-52. Supplies of wheat for export or carryover in the four major surplus nations, including the United States, Canada, Argentina, and Australia, totaled 1,675 million bu on July 1st. This was 500 million bu above a year ago and 25 million bu greater than the previous record in 1943. These supplies exclude the new crop in the U. S. and Canada. Domestic supplies of oats now stand at a high record of 1,775 million bu, based on prospects the 1st of July. At that time the new crop was estimated at 1,545 million bu. Domestic supplies of rye on July 1st amounted to 37.1 million bu vs. 24.3 million last season and 20 million bu two years ago. If this year's promise for the new rye crop finds fulfillment we shall have the largest stocks since 1944-45. Soybean processors are said to have urged the Department to impose some export controls on beans due to declining crop prospects and the possibility of heavy domestic demand. The plea may have the effect of preventing sales of soybeans for soft currencies but, of course, there is nothing definite yet.

When the visible supply of wheat was posted there was an increase of more than 11 million bu. Total stocks in all positions are 378.4 million bu, which is 69.77 million bu more than last year. Corn decreased 1 million bu; oats increased 2.2 million bu. There was no significant change in beans. We now have 17 3/4 million bu of wheat in Chicago; 2.8 million bu of corn; 3.2 million bu of oats; 8 3/4 million bu rye and 2 3/4 million bu of beans.

After beans went to the downward limit for the second time, there seemed to be some hedging in meal and oil, also possibly some selling of corn, with the result that the sharp break in beans seemed to have affected other cereals, including the wheat market, although the latter held up relatively well considering the breaks that affected those commodities, which were influenced by the fine precipitation. Rye closed fairly weak.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 3, 1954

Sometimes there is not too much moisture received during July and August, and as a matter of fact, we often have our high temperatures during those periods with the result that subsoil reserves are generally depleted. This is particularly true when we have had inadequate rains in prior periods. The recent break-up in weather is, therefore, highly satisfactory, although it would have been better if moisture had come two weeks earlier. Nevertheless, most comments are to the effect that there has been some improvement in the crop outlook; furthermore, deterioration in particular areas may now be checked. It is difficult to say whether Galvin in his report tomorrow will take these factors into account, although very often the government report, which comes out at a later date, may try to correlate the reports of men in the field with subsequent conditions which may arise. We did have considerable moisture overnight up the Ohio River Valley, and the weather map continues unsettled with the five-day forecast suggesting quite a little additional precipitation. At the same time temperatures are expected to be a few degrees below normal.

With this situation and the many orders in beans which could not be satisfied by way of selling at last night's close, it was a foregone conclusion that first prices would be lower. It was somewhat surprising, however, that after the initial weakness in corn, the market steadied so quickly but we believe that this may be due to the fact that there had been a number of local shorts in the market, and apparently they covered some of their commitments prior to the issuance of the private estimate, which may cut production considerably under the government figure.

There had been some wonderful rains in parts of Texas and we have before us reports showing fifteen or twenty stations that had anywhere from 1/10th inch to 1 inch, which should not only be helpful to the sorghum crop but will undoubtedly prepare the seedbed for winter wheat. The outlook is for some scattered showers in western portions of the Southwest tonight and possibly eastern portions Wednesday. In the corn belt it will probably be fair this afternoon and this evening, but followed by showers in the northern portions Wednesday afternoon or night. Moderate temperatures are likely today and tonight but a little warmer on Wednesday.

While it is true that export business on the whole has been very disappointing, the fact remains that Chicago elevator interests have probably not accumulated the supply of free wheat which they did a year ago; consequently, there is not much pressure on our markets, nor is there much tendency for carrying charges to widen. We expect some reductions in the estimate for spring wheat although during the past week temperatures were generally seasonable. There were some readings up to 100 degrees earlier in the week, according to the Peavey Crop Report, but temperatures averaged about 15 degrees cooler toward the end. There was some rain in most areas with the heaviest recordings in western Minnesota. Crop harvest in South Dakota has been progressing, and even in southern North Dakota 30 to 50% of coarse grain has been cut. One thing seems certain: namely, that yields of durum wheat will show up poorly and rust affected that grade more severely than others. Corn and other late crops continue to look well in the commercial corn area, according to the crop expert for that firm.

Not much attention was paid to a broadtape statement that the U. S. stands ready to throw its military force against any attempt by Red China to invade Formosa. The article went on to say that while we have no written agreement to help Chiang Kai-Shek to protect his Nationalist Government in case of attack, we nevertheless intend to lend a hand, and might even be willing to use armed force if necessary.

Primary receipts of wheat amounted to 2,683,000 bu compared to 2,753,000 bu last week and 1,729,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 300,000 bu.

Wheat firmed up shortly after the opening and showed moderate strength despite the weakness in beans. Corn was subjected to some short-covering, but trade on the whole was not particularly heavy. We hear all kinds of estimates on the soybean crop, but according to the government weekly report the rains which occurred the last few days have been helpful, although from southern Iowa southward further deterioration occurred due to hot, dry weather. They also claim that a large acreage in southern and central Missouri deteriorated to a point where corn will not make grain. In better sections, however, more optimism is expressed. Flour business generally is poor and the wheat market does not derive much encouragement from that source.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 4, 1954

The main news this morning was the issuance of a private crop report, although the breaking-up of the drought had previously temporized some of the bullish enthusiasm. Before the rains came we heard extreme pessimism with respect to the corn and bean crops. Some people had looked for only about 275 million bu beans in the season ahead, and we even heard some extreme figures of 2.8 billion bu corn, although in today's estimates Mr. Galvin himself states that some allowance was made for the generous rainfall in the dry area during the week ending July 31st. If we accept a figure of 317 million bu for beans and compare it with last year's crop of 262 million bu, we have a yield 55 million bu greater, offset only by the somewhat smaller carryover. In our opinion it is a pretty high price to start marketing a crop, and even after the report came out, the response was rather feeble considering that a month ago it had looked as though we might have had a crop of 360 million bu. The corn crop, which is now estimated at a little over 3 billion bu, shows a heavy reduction during the month. The crop has been cut about 300 million bu due partly to the fact that all states in the southern non-commercial areas suffered damage from prolonged drought. There were also areas in southern Illinois, southern Indiana, and the lower part of Iowa which had been affected by high temperatures and lack of rainfall. At no time recently did the price of corn get very high probably for the reason that our carryover is so large, and the final figure may show a bigger reserve than ever before in history, although it will probably be lodged to a great extent in government hands. The oat crop is turning out particularly well and was not influenced by hot weather as harvest preceded the hot spell. If a final yield of 1.6 billion bu is realized, it will compare with the ten-year average crop of only 1,316 million bu;therefore, must be regarded as a fair offset against a smaller corn crop.

Not too much attention was paid to the wheat figures. A total yield of 968 million bu is still a fairly good result considering the reduced acreage and the fact that the spring wheat crop turned out poorly. However, we still have the artificial factors with which to contend, and wheat prices advanced in the early trade, with offerings extremely light and only unimpressive amounts purchased in the pit. Our prices in Chicago are rather low in relation to the loan and also compared with the Minneapolis and Kansas City markets. It is probably too early to be apprehensive of artificial tightness, but as we pointed out yesterday elevators have bought much smaller quantities for themselves than was the case a year ago, and we may feel the pinch later on unless government holdings are gradually liquidated.

There was some nice moisture again in parts of Iowa and Illinois. The drought seems to be pretty well broken although temperatures have risen again in the Southwest, but it looks very much as though there would be some widely scattered thunderstorms in that region but mostly in central and eastern portions tonight or Thursday. We are apt to have more showers and thunderstorms in the corn belt with little change in temperature, and in fact, readings should be about normal.

Primary receipts of wheat amounted to 1,674,000 bu, which compared with 2,376,000 bu last week and 1,073,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 379,000 bu.

Some of the early strength in beans and in corn was dissipated when liquidating sales came into the pit. Others must feel as we do that it will be difficult to move the bean crop at prevailing levels, particularly if the final outturn comes out about the same as indicated at the present time. In corn there is always the chance that some government selling may occur, so that the huge stocks that have accumulated have some bearing on the market. Wheat held up well and there was considerable local buying in sympathy with the much higher market at Minneapolis. There had been a good flour business in the Northwest, as a result of overnight mill protection against 6¢ increase in costs.

Not much attention was paid to the State reports, even though in many localities it was claimed that rain had come too late to save many of the corn fields which had previously been damaged beyond a point of recovery.

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CHICAGO, 4

Aug. 5, 1954

The present administration inherited a huge debt and a tremendous obligation that was created during an inflationary era. During the last war period about $400 billion was raised by the government of which only $176 billion was collected in taxes. The remainder came from borrowings which caused such an inflation of values that the purchasing power of the dollar was cut in half. As a result all government costs have been raised to an abnormally high level. Since the end of the war federal outlays have amounted to over $465 billion. This exceeds by $300 billion the total expenditures of the federal government for 151 years (1789-1940), which period included the war of 1812, the Civil, the Mexican, and the Spanish American wars, and World War I. The present rate of spending is still so high that during the past year we increased the deficit by about $3 billion, and it looks as though we would go into debt by the same amount during the present fiscal year. The national debt is now in excess of $271 billion, which is close to the statutory limit of $275 billion. There is at the present time a bill before the Senate Finance Committee that would raise the limit to $290 billion, but there is considerable opposition to lifting the ceiling to such a high level. The federal government is expected to spend $65.6 billion in the fiscal year that began on July 1st. This is equivalent to nearly all the wages and salaries of the more than 15 million workers employed in all of the factories and mines of the country.

There were some fine rains again and rather general over Iowa, Illinois, Indiana, and Ohio, including southern districts which had been comparatively dry. The outlook is for further precipitation, and we believe that despite some irreparable damage that has overtaken the corn and bean crops, there is bound to be improvement, although it may not be shown in the government report that will be issued on Tuesday. It has turned very hot again in the Southwest, with fair weather. However, some scattered thundershowers are likely tonight or Friday, but mostly in the central and east portions. It will be cooler in the west tonight and in the east portions on Friday. In Canada the weather has been quite satisfactory, but current reports continue to emphasize the possible damage from both leaf and stem rust, and the latest reports from Manitoba indicate that prospects have been reduced over quite a large area as the result of lack of moisture during July.

Primary receipts of wheat amounted to 1,633,000 bu compared with nearly 3 million bu last week and 1,300,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 384,000 bu.

We had a firm market in wheat again today and probably for the same reason as yesterday, when flour business was reported from the Northwest on a heavy scale. Instead of merely booking a week or two through August, there were some buyers who covered their positions anywhere from 60 to 90 days, and apparently this was the heaviest spring wheat flour business in some time. Hedges were covered in Minneapolis and some were also lifted here, which gave us further strength. The business, while considered the largest in some months, was not comparable to the tremendous early volume on hard winters, but, nevertheless, was very important. There seemed to be liquidation of beans and that market did not stand up, in fact, with only moderate buying, there were sharp declines in all futures. We heard some optimistic comments regarding the soybean crop and that new pods were forming which might appreciably increase the yield. Corn was subjected to some selling, and it is felt, with these rains, that the crop has improved. On the other hand, the government may not have too much of its 1948-49 crop left, and later on we think that there will be opportunities on the constructive side of the market. Rye prices were higher most of the day, and we believe that this was a reflection of comparative cheapness with other cereals. Late selling wiped out early gains.

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CHICAGO, 4 Aug. 6, 1954

If the national debt continues to increase and the limit is again raised, we are reminded that the principal budget item is national defense, which constitutes more than two-thirds of our total expenditures. The American people rightly insist that the government should spend whatever is necessary as a safeguard against aggression. On the other hand, we find that our non-defense expenditures will amount to about $20.7 billion this year, and this compares with only $7.6 billion in 1940. The paramount reason for the substantial increase is the fact that the federal government is carrying so many activities, which could easily be eliminated, or in any event, might be taken over by state and local governments, or might even be handled through private enterprise. During the depression, or during World War II, the number of separate government corporations reached 101, and this was mainly to serve emergency purposes. There are still 80 such projects in operation and it has been suggested by sound economists that many of the commercial-type projects might be sold to private enterprise, which would bring anywhere from $25 to $40 billion. Thus there is an outstanding opportunity for the government to effectively strengthen its financial position by divesting itself of services and manufacturing operations that not only are a drain on its revenue, but also pave the way for socialism. These projects, if sold, would substantially reduce the federal debt and eliminate unnecessary services to an extent that they might ultimately cut the federal budget by an estimated $8 billion, according to the Committee on Federal Tax Policy.

The Winnipeg Tribune, in commenting on the reduction in U.S. wheat acreage from 78 million originally to 55 million acres for next summer, points out that this is rather severe interference and control in return for support prices, particularly so since farmers will not be permitted to sow the acres taken out of wheat to other basic crops, of which our government also has a surplus. They conclude that the Canadian farmers, while compelled to sell their wheat, oats, and barley to a government agency, are at least free to plant anything they like in any quantity they like. It is extremely doubtful, they say, whether floor prices would compensate Canadian farmers for the loss of this freedom.

Before our market opened this morning there had been some nice rains reported over parts of Kansas, and the weather map is still favorable, although rain in southern Indiana and southern Illinois was light but more is still to come. The five-day forecast is optimistic both with respect to temperatures and to rains. This we believe was responsible for the early liquidation in beans, which seemed to emanate from commission houses although total volume was not particularly heavy. There was also the general feeling that while the recent flour business in spring wheat varieties had been very heavy, there might be a period of quiet as many buyers had satisfied immediate requirements. Wheat prices reacted and there was also some selling in corn, but otherwise there were no special features to the market except that prior to the week-end there always seems to be a little greater caution. Last Friday, for example, there was hardly anyrain predicted, and yet when traders came to their offices three days later the entire moisture situation had changed.

Primary receipts of wheat were 2.1 million bu which compared with 2.2 million bu last week and 1.2 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 439,000 bu. When the visible supply of wheat is posted on Monday it will compare with an increase of nearly 5 million bu a year ago.

Trade was moderately active and after a sharp break in beans at the opening, there seemed to be a little better sentiment, in fact, some people were willing to make investment purchases on the theory that we had a break of nearly 30¢ per bu during the week and that this might be enough to discount the improvement which has occurred. When the bean market rallied there was also a better undertone to wheat. A late rally was stimulated by a statement that food supplies would be sent to East Germany to alleviate suffering. There seems to be buying of September corn on the theory that the cash article keeps quite strong and receipts are not burdensome. It is also felt that government holdings of 1948 and 1949 corn are being liquidated, but that the remaining quantities will not be burdensome.

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CHICAGO, 4 Aug. 9, 1954

The Congress is debating today the question of flexible supports, and, of course, Mr. Benson has been very much in favor of a change based upon the fact that surpluses continue to accumulate and farm output now is about 44% greater than it was just before the war. The increased production has taken place despite the fact that there are about 35% fewer workers on farms and present production is coming from about the same number of acres that we had earlier. The marvelously efficient farm production which American genius has built is now so productive that in the case of some commodities our surpluses have reached almost unmanageable proportions. On the other hand American agricultural exports have fallen off sharply from the levels of two or three years ago. This is largely due to the fact that world agriculture has recovered from the devastation of war; furthermore, our Foreign Aid Programs have been reduced. It was reported just before the close on Friday that Russia had accepted our proposal for relief shipments of food to Eastern Germany. This gave us a late rally in wheat even though the amounts are considered insignificant in comparison with our total surplus. The agricultural trade missions which had been sent out earlier this year have reported that immediate prospects for any appreciable increase in our export shipments were not favorable. However, we are making some progress. While our government is seeking peaceful measures both in Europe and in Asia, it is recognized that the final decision on the all-important question may not be ours to make. For that reason the Department of Agriculture, together with the Defense Mobilization and Civil Defense Administration, is looking into the question of stock-piling food, trying to develop a program which would help to insure an emergency supply in the event of need.

When traders came to their offices this morning rains had been just as good if not better than expected. We have had quite a serious drought in sections of the Southwest, and, indeed, in a number of states it has been critical. This is the fourth consecutive year of severe moisture deficiency. The administration has already moved promptly to meet emergency conditions. Farmers and ranchers have been assisted in the stricken areas to preserve their foundation herds of livestock with both credit and reduced feed prices. The affected states are co-operating with the Federal Government in a hay distribution program. While rains in parts of the more southerly districts have come too late to help corn we are told that forage crops have been improved, while in the later and more northerly areas corn and beans have done well. It will be interesting to see tomorrow what the government gives us in the way of crop estimates.

The bean market opened lower as a result of further moisture even though exports had been at a record level, amounting to 37 1/2 million bu for the first nine months of the crop-year compared with 27.7 million bu for the same period last season.

When the visible supply of wheat was posted there was an increase of 12.3 million bu; total stocks in all positions are 390.7 million bu, which is 77 million bu more than a year ago. Chicago wheat stocks improved 378,000 bu to a total of 18.1 million bu, and during the week CCC loaded out a cargo of wheat. We understand that all told a million bu will be shipped from here. We also understand that about the same quantity of corn will be taken out of Chicago by Commodity. The U S corn visible increased 448,000 bu, and oats increased 2.7 million bu. The Chicago bean stocks declined to 2 1/2 million bu, as there was a decrease during the week of 254,000 bu.

Wheat held up fairly well in the early part of the session, but later was subjected to selling. The improved weather situation was responsible for the weakness in beans, and likewise for liquidation in corn. Stop-loss selling in beans was a market factor, although the amount of selling was not particularly heavy. The Department of Agriculture calculates the rye supply as the largest since 1944-45. They make the crop 23.1 million bu, and a carryover of 14 million bu, but there is no provision for imports which have already amounted to 3 1/4 million bu, and is all that is permitted to enter, whereas last year we took 13 1/2 million bu mostly from Canada. Disappearance last season was close to 24 million bu. September beans were the full limit down for a while but rallied at the close. Cash beans were offered on a cheaper basis, although are still selling at a big premium over the new crop months. Evening up operations occurred before action on the Farm Program is taken.

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CHICAGO, 4 August 10, 1954.

Late yesterday the Senate approved flexible farm supports for major crops by a margin of 49 to 44. This was a victory for the administration, and virtually assures a new program for agriculture with new supports ranging between 82 1/2 and 90% of parity. It will, however, require prompt action of both Houses to put the bill into final form, and the next step is consideration by the Conference Committee, although the main terms have generally been agreed upon. Secretary Benson has said repeatedly that he would never knowingly advocate any program or policy which he did not think was in the best interest of farmers and farm people regardless of political pressure. The platforms of both major parties endorsed flexible price supports in 1948. These recommendations were embodied into law in that year and again in 1949. Furthermore, the record will show that all recent Secretaries of Agriculture have favored flexible supports. Mr. Wallace did, and still does; Mr. Wickard did; Mr. Anderson did, and still does; Mr. Brannan did through at least a considerable part of his service. It should be remembered that prior to World War II we had flexible supports ranging between 52 and 75% of parity. Even today we are supporting more commodities on a fexible basis than under the high rigid plan. When Mr. Benson traveled throughout the various states educating the people on the new program, he emphasized one point; namely, that any good agricultural program is one to help America to achieve balanced farming.

Unless the law is changed all price-supported commodities will be placed on a fair and comparable basis by applying to all such commodities the new or modernized parity formula, beginning January 1, 1956. To make sure that the changeover to modernized parity would be gradual any reduction in the parity price level would be limited to not more than 5% per year. The old parity level is completely unrealistic. Under it parity for wheat is 37¢ a bu higher than modernized parity; corn under old parity is 21¢ a bu higher than under modernized parity. As Mr. Benson points out, such artificial price levels cannot be maintained except through regimentation and even more rigid controls. Based on our computation the wheat loan for Chicago, which this year is $2.58 per bu could be soon dropped to approximately $2.30, depending, of course, on many factors that cannot accurately be foretold now. The amount of wheat that has been impounded so far this season has been 39.5 million bu compared with 45.8 million bu in 1953. These, of course, are very preliminary tallies. Furthermore, it should be recalled that the current wheat crop is considerably smaller than the previous one.

For the most part good progress was made with grain harvesting in the Northwest during the past week, according to the Peavey Report. In South Dakota and Minnesota cutting ranges from 80 to 100% completed with about 75% of the crop threshed.

This afternoon we shall have government estimates on spring wheat and also figures aiming to forecast yields of corn, beans, oats, etc., but all that can be said in the meantime is that there has been a complete change in the weather outlook, and nice rainfall occurred again last night over the central and northern portions of Illinois, Indiana, and Ohio, while the five-day forecast is also quite optimistic with respect to further precipitation. There is no assurance that the improvement inthe crop outlook will be fully reflected in the revised report to be issued later in the day.

Primary receipts of wheat amounted to 2,133,000 bu, which compared with 2,683,000 bu last week, and 1,760,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 161,000 bu.

Trade was rather nervous today, and our market was dominated largely by local operators. There was considerable buying early, but apparently profit-taking occurred as the session advanced. Commission houses seemed to have a smaller business, and there may have been a waiting period to see what the government report would show. Some are guessing that the bean crop may be as high as 325 to 330 million bu, which would compare with the private estimate of 317 million bu. Flour sales in all areas were extremely light, and there was not much commercial business in the pit, as export sales are still hardly mentioned. There were, however, some beans sold to Japan and a few parcel lots to Norway, but cash beans, while a little lower than yesterday, are still commanding ahigh price.

The Senate rejected attempts to impose mandatory supports on feed grain, which would have tied them to corn.

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CHICAGO, 4

August 11, 1954

Late yesterday the Senate passed a Farm Bill incorporating the Administration's price support program by a majority of 62 to 28. This was a great triumph for both the President and Secretary Benson. The national farm programs which were intended to bolster farm prices and income obviously have not done their job. The system, which hasbeen in effect now for some years, has resulted in back-breaking surpluses, which were growing worse all the time.

Not much attention was paid to this news as sentiment had turned extremely bullish following the issuance of the August crop report, which indicated that the drought had caused about a 5% reduction in aggregate crop volume during the month, and the estimate for the corn crop was cut 487 million bu. This is a tremendous reduction as such an amount is almost twice the yield that is often procured in a country like Argentina, one of our competitors in the export field. A deficit of this kind could mean only that we would have to draw on government stocks, and a yield of 2,824 million bu is not enough to take care of our annual requirements. However, it must also be taken into account that the official computations were made before the rains occurred. Even yesterday's report stated that since the 1st of August there had been partial relief and that if the rain kept up it might bring about some recovery in the farm output, which at the present time is believed lost. This may not be general for all states, and, for example, the corn yield in Missouri has been cut about 104 million bu, and even a larger toll was taken from the Illinois corn crop, while losses were also extremely heavy in Nebraska, Iowa, and Kansas. Nevertheless, one must be prepared for improvement in the September figures even granting that the weekly state reports have not been too optimistic in this regard. For example, the Iowa bulletin speaks of favorable progress in the northern third and parts of the central districts of the State where rainfall had been satisfactory, but they also tell of continued deterioration or an even stand in other areas where rainfall had been deficient. We presume that a certain amount of irreparable damage has occurred. The same is true of Illinois where there had been rapid deterioration in the southern sections and not too much possibility of recovery of loss for much of the corn in that area.

As for beans, the government also gave a surprise estimate to the trade, and most people have been of the opinion that beans could be more easily resuscitated than corn, and in fact, quite a few stations downstate are quite optimistic that the outlook is better than the indicated government figure of 303 million bu for the entire country. We find some feeling that with average type of weather the soybean crop might still be increased by possibly 10% over last night's report. Nevertheless, beans opened up 10¢ a bu and apparently shorts were anxious to cover.

The government report on wheat showed no surprises. The outlook is for a total crop of 977 million bu, and while spring wheat production had been cut there were increases in the Southwest, and the latest figure is only about 11 million bu smaller than a month ago. Nevertheless, with the great strength in corn and in beans there was some buying of wheat at the opening and that market was sympathetically affected.

Primary receipts of wheat amounted to 1,572,000 bu which compared with 1,674,000 bu last week, and 896,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 371,000 bu.

Our markets, for reasons stated earlier, opened strong, with beans holding at the 10¢ advance for a time, and corn up 6 to 8¢ per bu, but there seemed to be some profit-taking. Also the CCC late yesterday must have sold quite a little corn to exporters who in turn hedged in the pit, and this was partially the reason for the reaction we had.

It wasextremely quiet in flour circles, although a slight improvement was noted overnight after the spring wheat estimate had been given to the trade showing a poor crop in prospect. On the other hand, practically all cash wheat in the Northwest is at or above the loan level, so we may not get nearly the heavy impoundings that would otherwise have occurred.

Reports came to us from downstate and around the St. Louis area indicating fine rains, and we are convinced that even if it does not help the corn in all sections that forage crops must have been greatly benefited.

There was no heavy selling in beans, but sufficient quantities came into the pit to relieve the early tenseness of the market.

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CHICAGO, 4 August 12, 1954

There was not a great deal of grain news overnight. The recent crop report has made an impression upon the trade, and after all government estimates are the most reliable that we have and should be also the most accurate since experience counts for a great deal, and the Crop Reporting Board uses many more agents than any of the private agencies. On the other hand, it is recognized that weather has turned better since the data was compiled, and to that extent we must be prepared for some improvement when the September forecasts are made. There were some sizeable amounts of moisture over portions of Nebraska, Iowa, Missouri, Illinois, and Indiana during the past twenty-four hours, and even a few showers in eastern Kansas. Temperatures have fallen east of the Mississippi River and are now considerably below the normal over many areas. However, there has not been much relief from heat yet in southwestern sections of the country, although scattered thunderstorms are likely for eastern Kansas and eastern Nebraska this afternoon and tonight although it will remain fair in the west. More rain is indicatef for parts of the corn belt.

Our market opened a little lower but there seemed to be small buying orders without much pressure, and on the whole trade seemed to be a little quieter than during recent sessions.

The Quaker Oats Company in its resume stated that there was no question that soybeans had been benefited more percentagewise than corn, and that this was particularly true across the southern third of the main corn belt. In that area much corn had been damaged beyond repair. Soybeans on the other hand were able to survive the drought and high temperatures and have now taken on new growth, and there are additional blooms and pods developing.

European crop news has not been too satisfactory, although Broomhall claims that Europe generally has been favored with a week of warm, clear weather, which aided harvesting operations. France has a prospect of raising 345 million bu wheat vs. 324.8 million last season. The Italian wheat production at 290 million bu would show a reduction of about 42 million bu from the year before. The wheat crop in Spain is estimated to be 40 million bu larger while the German crop at 104 million bu would compare with 117 million bu the year before. Belgium, Austria, and the U. K. show small reductions as compared with 1953.

President Eisenhower said today that over-all performance of U. S. economy during his administration has been better than during any earlier time. In the mid-year report of the state of our economy, he emphasized that the year-long business downturn was very small and that the decline in economic activity has come to a halt.

We find that total figures of wheat impoundings are much the same as the figures on May 10th. Total wheat placed under loan last season was 554.3 million bu, which was a record for all-time and compared with 459.8 million bu the year before, and 409.1 million bu in 1942, the previous record. As we have been pointing out the quantities that are likely to go into the loan this season should for several reasons be smaller than for the past two years. First of all, production was smaller; secondly, prices in the spring wheat areas enabled farmers to sell more profitably but even if we are correct in our surmise, a very large percentage of the next carryover may still be under government control.

Primary receipts of wheat amounted to 1,903,000 bu which compared with 1,633,000 bu last week, and 1,385,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 472,000 bu.

Some attention was paid to a comment noting that the U. S. might shortly be picking up the tab for feeding Generalissimo Chiang Kai Shek's 600,000-man army. Apparently it is expected that U. S. cash grants will be made to feed nationalist soldiers. This would be in addition to other U. S. military and economic aid.

September beans were in good demand and advanced 10¢, gaining considerably on other futures, but beans generally recovered from early weakness. There was good buying of rye today, and at one time that market advanced nearly 4¢ per bu. Wheat was also being accumulated by locals and by commission houses, with pressure generally quite light. Corn advanced, and at times there was quite a little buying by some of the same people who have been working on the constructive side of the market for several days. About the only offset was some hedging by a northwest house. Flour business is unusually slow.

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CHICAGO, 4

August 13, 1954

Only about one-fifth of the civilian supply of white flour is believed to go into items which are not ordinarily enriched. This includes biscuits, pretzels, crackers, sweet goods, dark and specialty breads, and rolls. On the other hand it is estimated that about 65% of the white flour sold to civilians either as flour or in products is being enriched and is a continuation of the compulsory program required during World War II. A substantial proportion of white flour for home use was enriched voluntarily. This is important because synthetic enrichment of cereal foods has supplied 13 to 23% of our daily supply of iron, niacin, and thiamine, and 9 to 10% of riboflavin. This is such an important program to the nation's health that the government has made three surveys in an effort to find out the actual nutritional values that are being afforded. Also, the use of synthetic vitamins and iron in premixes for cereal food products other than bread and flour has increased noticeably since 1948. For example, niacin has shown a 38% increase, thiamine, 56%, riboflavin, 63%, and iron, 30%.

Before our market opened this morning there was not much news except that the Winnipeg Free Press had come out with an estimate for the Prairie Provinces forecasting wheat production at 483 million bu. This did not include the East where last year about 30 million bu was produced. It is our feeling that the latter crop will be much smaller this season, but even if only about 20 million bu is raised, Canada still has a prospect of some 500 million bu. This afternoon there will be an official estimate, and it will be interesting to see if their figure comes up to this promise.

We had considerable buying of wheat yesterday on a report that harvest weather in Europe had been wet, and that the final outturn might suffer accordingly. Broomhall does not mention anything this morning but claims a cold wet summer has not seriously reduced wheat production, but much tough wheat will be delivered to the mills and will, therefore, have to be dried. New French wheat contains about 15% moisture but the yield is heavy as the crop matured slowly. Most of it is testing 62 lbs to the bushel. 40,000 tons are being released for export immediately; the U. K. has contracted for substantial quantities at $1.68 per bu CIF.

We had some nice rainfall over portions of western Kansas, central and southern Missouri, and portions of Illinois, and Indiana during the past twenty-four hours. Elsewhere it was fair. The weather map is reasonably optimistic both with respect to temperatures and further rains, with the exception of the Texas Panhandle where it does not look as though much rain would occur. Scattered showers are anticipated over the week-end in the corn belt, mostly in central and southern portions, with slowly rising temperatures. It is still warm over most of the Southwest but scattered showers and thunderstorms are likely over the week-end except for Texas.

Primary receipts of wheat today amounted to 1,861,000 bu which compared with 2,119,000 bu last week, and 1,228,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 569,000 bu. When the visible supply of wheat is posted on Monday it will compare with an increase last year of just over 1 million bu.

Trade was fairly large, but mostly local in character. There had been a good deal of buying of wheat futures early, and beans were also accumulated. There seemed to be some short covering in the September future, which put it at a greater premium over the November delivery. There was no actual news to encourage much of the buying except the reduction in the crop outlook, but everyone knows that recent weather has been very favorable, and when the figures are given out again in September it may be quite a different story. Corn was neglected today, and there was never much enthusiasm in this cereal. Toward the last the House receded from its previous stand of making this commodity eligible for the $2 1/2 billion stockpile, and apparently corn will not be set aside for that purpose. It is the general hope in Washington that other controversies will be ironed out, and that the Farm Bill may be put into acceptable form by late afternoon. Some selling occurred after markets had advanced, and it did not take very much evening-up to bring about reactions.

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CHICAGO, 4 August 16, 1954

After the close of the market on Friday, the Canadian government report was issued at Ottawa. While there was a reduction of about 3 1/2 million in acreage, they still forecast a total wheat crop of 513 million bu for the entire country, which is about 100 million bu less than last year. However, it should be remembered that last season's crop was sufficiently large that Canada will probably add more than 200 million bu to the reserve stocks. The Dominion Bureau of Statistics will provide the official figures on August 17th, but in the meantime, it is reckoned that about 575 million bu will be carried over, although this is not quite a record, as the reserve in 1943 was 594 million bu. Nevertheless, it is a vast quantity of wheat, particularly when one considers that the domestic disappearance in that country probably will not exceed 175 million bu; therefore, Canada is largely dependent upon export markets.

The situation in North America is still bearish from a statistical point of view. Here in the U. S. our wheat crop and carryover will amount to about 1,880 million bu. Assuming small imports of, say, 4 million bu, we would have total supplies of 1,884 million bu, and probably the disappearance at home will not be over about 660 million bu, including food, feed, seed, etc., so that we shall very likely add again to our reserve stock next July. On the other hand artificial factors cannot be ignored, and while spring wheat is at a level where impoundings may be light there is still apt to be a large quantity placed in the strile stock in the soft winter wheat states, and also in the Southwest.

Despite the heavy reduction which the government gave us in estimating the soybean crop, we find that a probable yield of 304 million bu will be a record for all time, and will compare with production last season of 262 million bu. The previous record crop was in 1950 when we raised about 300 million bu. Of course, the heavy production this year is due to the large acreage planted. With the fine moisture that has been received new pods are developing and a good many people feel that we may finally have a crop of 325 to 330 million bu. Others are even talking larger yields. On the other hand the July 1st stocks were 42% below a year ago, reflecting in part record exports. During the first nine months we shipped 37 1/2 million bu, while crushings totaled nearly 172 million bu during the same period. Stocks of soybeans in all positions on July 1st were reduced to 36.2 million bu, and these stocks were the smallest since 1948 and compare with 62.3 million bu a year ago and 45.2 million bu two years ago. Processors held a total of 24.6 million bu compared with 26.9 million bu last season, but farm stocks were down to 3.6 million bu and were the smallest in twelve years of record. All this is giving great concern to shorts in September beans who are apprehensive that if the crop should mature later than usual, there may be a scarcity early even granting that toward the end of September, we may have ample supplies. There is, of course, still the danger of frost damage if the crop should be very late, although in this area the average killing frost does not generally occur until about October 8th.

There was fine moisture over the week-end in the spring wheat territory and throughout the corn belt, which could only prove beneficial. In the Southwest temperatures were again above normal and in a wide territory readings of 100 degrees or more were reported.

Then the visible supply of wheat was posted today there was an increase of 3 1/2 million bu, and total stocks of 396.5 million bu are about 82 million bu larger than last season. Corn decreased 644,000 bu, leaving 11 1/2 million bu in various markets compared with 8.6 million last season. There was quite a large increase in oats of nearly 3 1/2 million bu, and total stocks of 17 million bu are only 1 million bu less than we had a year ago. Beans decreased 501,000 bu, leaving 3 million bu in the various markets compared with 1.8 million bu last year. Here in Chicago wheat stocks decreased 424,000 bu, which still leaves 17.7 million bu here. The corn stock decreased locally to 3 million bu, oats were about a standoff, and beans declined to 2.3 million bu.

Most of the excitement today came in September beans with heavy short-covering on the possibility that we might not have new beans here in time for September tenders, and the spread difference between September and November has widened 12 to 13¢ during the past two trading days. The more distant months were subjected to selling. The Baldwin Elevator report claimed that since the first of the month weather had been ideal for the best development of the bean crop. However, the corn crop has not made the same recovery.

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CHICAGO, 4

August 17, 1954

According to the latest available estimates, the four major exporting countries had 48% greater stocks of wheat on hand July 1st than a year ago. Supplies were as follows:

	This Year	Last Year
United States	902.9 million bu	562.5 million bu
Canada	589.3	413.3
Australia	126.6	71.2
Argentina	92.7	111.5
	1,711.5 million bu	1,158.5 million bu

Estimates for both years include all farm stocks, as well as those in commercial positions. During the past season the importing world took less wheat from the above-mentioned countries, and this was very largely responsible, (in addition to larger production in surplus nations) for the accumulations that occurred. Canadian exports, for instance, declined 31% from the year before. Shipments from the U. S. and Australia dropped by about 36% and 40%, respectively, although reduced shipments from these three countries were partially offset by the sharp increase of 245% in Argentine exports, that country having raised a large crop and was not a member of IWA. The four countries under consideration account for the bulk of the world's wheat exports. However, Turkey and Sweden have become more important and were somewhat of a factor.

We heard this morning that the Saskatchewan Pool Report from Canada had shown a decline of seven points during the week in wheat condition. This suggests a crop for Saskatchewan some 40 million bu less than the government estimate and reflects further damage from rust. With respect to coarse grains, the Pool Report is about in line with official figures. We heard through Broomhall that Western Germany was harvesting a larger rye crop than last year but that wheat and barley production is expected to be about 10% less, with oats unchanged. Crops apparently suffered from an early drought followed by excessive rains and low temperatures,There were some beneficial rains in parts of Australia over the week-end. Precipitation had been below normal in many parts of the wheat belt, especially in the heavy producing districts of the South, but the outlook now has been transformed and it will require only rain in October to make a crop. There are no coarse grains being shipped at all from Black Sea ports. During 1952 and again in 1953 Russia sold considerable quantities of barley, corn, and oats to Great Britain, and also some rye to the Continent.According to Broomhall, no negotiations are being carried on although crops are not entirely harvested yet. In Turkey there are still surpluses of grain, as follows: Wheat 36 3/4 million bu, barley 4 million bu, rye nearly 2 1/2 million bu.

Our market was again dominated largely by the strength in September beans and heavy short-covering due to the fact that there were further rains over the corn belt, and while heaviest in Nebraska, they also were general over parts of Illinois, Indiana, and Ohio. In the Southwest high temperatures continued and there has not been much relief in the way of precipitation for that area. More showers are likely west of the Mississippi this afternoon and tonight and probably east of the Mississippi Wednesday afternoon or night, continuing rather cool. All this together with the five-day forecast for an unsettled map indicated that the bean harvest might be late and undoubtedly was responsible for the further widening of the September delivery over later months.

Primary receipts of wheat today were 1.9 million bu which compared with 2.1 million bu last week and 1.3 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 250,000 bu.

Markets were less active than yesterday, but as stated before September beans were very strong and there was further short covering. The government weekly grain report spoke of some improvement due to rains, but the situation in the southerly districts is still relatively poor, although with cooler temperatures and rains beans might show improvement in those sections. There was considerable buying of wheat in our market, and despite early weakness at Minneapolis we made fairly good gains on moderate buying through commission houses. Corn was also quite firm, and there seemed to be very little pressure. Oats advanced fractionally with the balance of the list. Mills sold only a small amount of flour, although there was a slight improvement. Rye was strong both here and at Winnipeg.

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CHICAGO, 4

August 18, 1954

After the close of the market yesterday the Canadian government made its official estimate of the wheat carryover, giving a figure of 587.5 million bu. This was a trifle larger than what we had predicted a few days ago, and the reserve stock now held will probably be larger than the crop about to be harvested. When it is considered that the average carryovers in the years of 1944 to 1953 amounted to only 184.2 million bu, it will be seen that Canada has a great problem, particularly with only about 15 million people and home consumption of possibly 175 million bu. Chances are that the last government report was overly optimistic, and while we try to discount to some extent a few of the alarming dispatches that are coming from Saskatchewan, one cannot preclude many of the reports of damage due to rust. Even if the crop should be 100 million bu smaller than was officially estimated a few days ago, it would probably leave Canada with about the same reserve stock one year hence, and so that country is really not making much progress in getting its house in order, particularly if there is little opportunity of increasing the rate of exports. Chances are that there will be quite a considerable quantity of lightweight wheat harvested in Canada, but there is some demand for this grain and a fair amount was sold yesterday to Yugoslavia and possibly to other European countries. As far as the coarse grain situation is concerned, the damage in Canada will not be nearly as extensive although leaf rust is causing some deterioration.

Here at home we had scattered showers in the Northwest and moderate to heavy rainfall was reported over Nebraska, Iowa, Illinois, Indiana, and Ohio, with probably the heaviest rain in Chicago where more than 1 1/2 inches fell. It continues mostly fair in the Southwest and warm. For the corn belt showers and thunderstorms are likely this afternoon and tonight, but clearing Thursday afternoon with moderate temperatures. We had state reports this morning from Illinois and Iowa, and on the whole the crops have been benefited, particularly beans, but to some extent corn also. In Iowa plant development is slightly ahead of last year and well ahead of the average for this date, with prospects for a good crop. However, it is difficult to overcome the drought damage that befell the corn crop in the South. In Illinois frequent showers over most of the State during the past week resulted in continued improvement of all corn north of a line through Springfield; south of that line much of the corn suffered severe damage and recovery was mild. Recent showers have been beneficial to almost all soybean fields and in many instances the rain has stimulated additional blooming, which should result in a continuation of podding and general plant development for a somewhat longer period than a year ago when excessive heat and lack of moisture hastened maturity by ten days to two weeks. This brings up the possibility of a late harvest, which naturally could affect September beans the most, even though we might finally have a much larger crop than had been earlier anticipated. The result was that the September future went to a wider premium over later months as further short-covering took place.

Broomhall's Foreign Crop Summary talked of alternately dry and wet days in the U. K., France, Belgium, Holland, and Italy, which interfered with harvesting operations but this did not damage the wheat except where land was flooded. While there is some wet wheat in France production is expected to be about 10 million bu greater than last year with the surplus for export reaching possibly a million tons. In Germany the wheat crop will probably be smaller but should be offset by heavier rye production.

Primary receipts of wheat today amounted to 1,668,000 bu compared with 1,674,000 bu last week, and 934,000 last year; corn receipts were 1,396,000 bu vs 910,000 bu last week, and 853,000 bu a year ago. Kansas City and Minneapolis stocks so far this week show a total increase of 382,000 bu.

Markets in general were rather inactive, although considerable attention was centered inthe September bean future, which was strong early in the session, as mentioned above. However, later in the day liquidation took place with the market encountering stop-loss orders, and finally resulted in the September future losing some of its premium over the new-crop months.

According to The Southwestern Miller, overnight flour business was small, bakers are in a mood to add moderately to hard winter balances, but hardly above previous costs of early July, with the result that the trade remains in a waiting mood.

In export circles it was reported that Yugoslavia purchased 10 cargoes of #5 Canadian wheat but no buying of U S types seems in prospect.

Trade in general seemed rather light.

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CHICAGO, 4 August 19, 1954

Almost no attention was paid to a further authorization of funds for the Commodity Credit Corporation's farm price support program. An addition of $1.5 billion was made by Congress, raising the total borrowing authority to $10 billion, and the measure is now awaiting the Presidential signature. It is estimated that the commitments next year may reach $9.8 billion based on the August 1st crop report.

To say that the government is in the grain business is certainly putting it mildly. Including the additional bins that were recently contracted for, the U.S.D.A. will have a total storage capacity of 844 million bu. This includes emergency type structures in bin sites through the nation. We can recall just nefore the war when the average wheat crop in this country was only 740 million bu. Therefore, the government alone has enough storage space to take care of an entire wheat crop, not to speak of the additional capacity that has already been constructed to take care of accumulations. However, it is not only in the U. S. that surpluses are growing. If we accept the Canadian crop report at its face value, with estimated wheat production of 513 million bu, and add a carryover of 587.5 million bu, it will be observed that total supplies up there are 1.1 billion bu. This is an increase of 117.3 million bu over the supplies which were on hand a year earlier. There is the growing belief that the last government estimate was too high, but it could still be drastically cut without reducing the quantity of wheat in relation to last year. Furthermore, Canada has amassed large quantities of other grains, and including oats, barley, rye and flaxseed there was a record of 876.8 million bu of various crops remaining in the country just before the new harvest approached. This is about 5% more than the old record of 832.3 million bu in 1943 and it is 2 1/2 times the ten-year average supply in the years 1944-53. Of course, the previous large accumulations were worked off when war came to an end and Europe was in dire need of help. We presume that in some way Canada will again solve its problem, but together with the big reserve in this country it shows what artificial prices have done, and how governments have become more and more involved in a business which previously had made very satisfactory adjustments through supply and demand factors. There were not all the worrisome problems, and while at the end of a big crop year some accumulations took place, it was very often compensated by poorer crops, or through voluntary reductions of acreage.

When our market opened this morning it was naturally influenced by the additional rains that had been reported over rather wide areas. Even the southerly districts of the corn and bean belts had received a considerable amount of precipitation. Kansas and Missouri were also benefited, although in Kansas the moisture was mostly in central and eastern sections, although in the northwestern part of the State one station had about .60 inch of rain. There is still an unsettled condition, and it may be possible that Texas will also be favored, while in the corn belt fair weather is expected in the northern sections this afternoon and tonight, but thunderstorms in the south. Showers are likely again Friday night or Saturday, all of which is causing a little concern to the September shorts in beans; but by the same token the crop must be improving tremendously, and given a week or so of dry weather following these rains the whole picture might look different.

Primary receipts of wheat were a little over 2 million bu. which was slightly more than last week, and campes with 1.2 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 283,000 bu.

Flour sales were again poor, and this was true of springs as well as hard and soft winters. Nevertheless, wheat is considerably below the loan level in Chicago, and there was some buying which rallied the market from the early low. September beans were again nervous. Formosa was said to be inquiring for a cargo of beans for shipment by September 10th, and another one by October 10th. It is not known whether any business will develop, but believe this kept the nearby delivery relatively strong. We doubt whether much wheat will be tendered on September contracts. There is 9 1/ 2 million bu in the contract stock in Chicago, of which 2 1/2 million represents red wheat. Elevators seem to be changing over hedges, although there are some receipts on the street which may be tendered. Corn was completely indifferent.

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CHICAGO, 4 August 20, 1954

The corn crop, which had been hit hardest by hot and dry weather during July, was estimated, according to the August 1st figures of the government, at 2,824 million bu. It is quite possible that the September report will revise upward the forecast, but assuming that there would be no change the total supply on October 1st would be about 3,725 million bu, including the carryover, or 6% less than last year, but still 4% above the 1947-51 average. The estimated oat supply is 16% larger, while stocks of barley and sorghum grain are expected to be nearly 40% greater. The hay supply for 1954-55 was estimated at 116 million tons, or 4 million less than last season, and was the smallest in recent years in relation to the prospective number of roughage-consuming livestock to be fed. In summary, however, it may be stated that the total 1954 production of the four feed grains, which includes corn, oats, barley, and sorghums, was estimated in August at 116 million tons, which was a drop of 15 million tons from the indicated production on July 1st, but, nevertheless, it is nearly equal to last year's crop and the five-year average. The average condition of pastures on August 1st was the poorest in eighteen years, but since the first of the month rains over wide areas of the country have been very beneficial, and we would say that both pastures and forage crops have recovered well.

The map continues to be unsettled and it looks very much as though we would have additional moisture in the corn belt, while considerable rainfall has already occurred over portions of northern and central Illinois, Missouri, Eastern Kansas and Indiana. Scattered showers and thunderstorms are expected in the Southwest over eastern sections, but mostly fair over western sections over the week-end. The five-day forecast, however, talks of rather general precipitation except that West Texas may not be favored. All this is good for growing crops which weathered the hot spell, although even Southern Indiana, Southern Illinois, Northern Missouri, and Northern Kansas have experienced a wonderful recovery, with respect to beans, and even in instances the corn crop has come back in some of the districts that had almost been given up. Altogether improved weather has been helpful to everything except that delayed harvest in beans has occasioned further worry to the shorts in the September future, and the natural consequence is that there is a tremendous premium for the nearby position, while the more deferred months are discounting improved crop prospects.

The final results of the National Referendum on wheat marketing quotas show about the same percentage figure as the preliminary one. It is interesting, however, to observe that in fifteen states farmers did not give the government a two-thirds approval, but this was more than offset in the other states which apparently wanted the program continued.

Primary receipts of wheat today amounted to 1.9 million bu, which compared with 1.8 million bu last week, and also 1.8 million bu last year. Kansas City and Minneapolis stocks show a total increase of 325,000 bu. When the visible supply of wheat is posted on Monday it will compare with a decrease last season of 386,000 bu.

There was no particular feature to the wheat market. Overnight flour sales were small, and there are not many commercial transactions in the pit, particularly as there is hardly any export business passing. It was reported that Yugoslavia had bought five cargoes of Manitobas, but apparently no business fromthe U. S. The U K and the Continent bought some small parcels of corn, and the outlook seems to be improving a little, but September corn was not in particularly good demand; in fact it was offered against the spread of December at about 9 7/8¢ difference. Beans were influenced on the one hand by continued wet weather, and naturally the September future paid most attention to this factor as the stock of old beans is gradually being depleted. It was reported that warehouse receipts on about 890,000 bu of beans were cancelled for loading to a processor, and with Chicago stocks declining the nearby future is relatively the strongest and is commanding a big premium over all other deliveries.

The noon forecast was about the same as the earlier one, and there may be a fair amount of rain again over the weekend.

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CHICAGO, 4 August 23, 1954

Farmers received about $14.9 billion from marketings in the first seven months of 1954, down 3% from the corresponding period last year. Lower average prices accounted for this decline. Receipts from livestock and products were about $9.6 billion, only 1% below a year ago. An increase in receipts from hogs did not quite offset declines for chickens, eggs, milk, and butterfat. Crop receipts for the 7-month period were $5.3 billion, down 5% from last year, with the largest declines in cotton and vegetables.

Before our market opened this morning there had been some wonderful rains reported in parts of the Southwest. The Texas Panhandle, which had been extremely dry, reported copious rains, which should add many bushels of milo and will be of tremendous benefit for field work this fall and for planting of wheat. 1 to 1 1/2 inches was quite general in West Texas, where there had been no forecast on Friday for precipitation, and the rains extended to Northwestern Oklahoma and to many parts of Kansas, so that altogether this was a very favorable development. The corn belt received less moisture than had been expected, although there was quite a little rain in Iowa, and chances are that widely scattered showers will occur tonight in more extreme sections of the belt and it will probably continue warm and humid.

The trade is faced with a situation in wheat that will not be entirely corrected even though a somewhat smaller production in North America. Chances are that the Canadian outturn will be less than had been indicated by the official government report a week ago, but with the second largest carryover reserve on record, even if the total supply is a little less than 1.1 billion bu that had been indicated, it will certainly leave Canada with a big problem in trying to reduce accumulations. A total Canadian supply of 1.1 billion bu would have been 470 million more than the ten-year average (1943-52). The crop has been estimated by the Dominion Bureau of statistics at 513 million bu, and there does not seem to be too much chance of that figure being realized. However, they could well afford to have some reduction as the exports of wheat and flour from Canada from August through July last season totaled only 255 million bu, a drop of 130 million bu below the same months of 1952-53. Our exports, which are now given as 216 million bu for the whole season, are also a little disappointing as they compare with about 300 million bu last season and 444 million bu two years ago. We had a few years back in 1947 and 1948 when shipments averaged about half a billion bu, but apparently we have passed the period in which we can induce European countries to take these large quantities.

There may be a little larger demand from Europe in the coming season, although the French crop is turning out pretty well, as far as yields are concerned, but the crop in Yugoslavia is down about 35 million bu from 1953. The Danish crops have been damaged by a cool, wet summer, but in West Germany, where wheat production is somewhat smaller, millers are obliged to use 30% native wheat in their grind this season until October 31st, 40% from then to end of January, and 20% until May 30, 1955. Broomhall is checking the Spanish wheat crop; private estimates vary considerably although it seems that their production is definitely larger than a year ago.

Consumption of feedstuffs during the April-June 1954 quarter was 2.5% above the same months last year and totaled 3.9 million tons. With slightly smaller animal numbers, consumption per animal unit was above last year. Feedstuff prices about the middle of August averaged 11% above a year ago.

Primary receipts of wheat today were 4,235,000 bu compared with 3,839,000 bu last week, and 3,415,000 bu last year. Chicago wheat stocks decreased 741,000 bu during the week leaving almost 17 million bu in this market. Chicago stocks of beans decreased 475,000 bu leaving 1,859,000 bu here.

The unexpected rains in the Southwest brought some selling into wheat, and undoubtedly this moisture will prove beneficial. Lard prices were very firm, and it was reported that the Brazilian government is considering the importation of possibly $1 million worth of butter and lard possibly from the U. S. September beans encountered considerable liquidation, particularly near the close and lost some of its premium over the more deferred months. The late forecast indicated warm and humid weather for the corn and soybean areas.

When the visible supply was finally posted, wheat showed an increase of slightly over 5 million bu; corn decreased 948,000 bu; an increase in oats of over 2 1/2 million, while soybeans decreased 788,000 bu.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 August 24, 1954

Consumer incomes available for spending were at record levels in the first six months of this year, and they have remained high again during July. Consumers continue to spend about one-fourth of their income for food. During the second quarter of 1954, there was a $600 million increase in the use of consumer credit, which contributed to the rise in consumer spending.

From a statistical point of view we do not expect many changes in wheat as crops in the Northwest are pretty well made, although spring wheat turned out much poorer than had been expected earlier. There will probably be lots of low-test wheat, also a good deal of it may contain high moisture. As a result the trade expects a fair amount of tenders to be made on September contracts. Nevertheless, total production for this country, including winter wheat, may be assumed now to be in the neighborhood of 978 million bu. With light imports of about 3 million bu and a carryover of 903 million bu, our total supply stands at about 1,884 million bu. This is 8 1/2% above the previous high of 1,736 million bu reached in 1953-54. Domestic disappearance during the current season is indicated at about 660 million bu. If exports total about the same as the 216 million bu we shipped last season, our carryover next July 1st should be about a billion bu. Of course, this would be a new record for all time, but considering that the acreage will be cut to about 55 million bu, we may have a rather mediocre crop a year from now, but even so there is no assurance that we shall be dealing with a smaller over-all supply and thus it seems rather difficult to make much headway in reducing the accumulations.

Rains which have occurred in late July and during August have eased the situation now in many parts of the country. The improvement should be particularly beneficial for planting and growth of emergency feed crops. In our opinion there is a good chance that when the September government figures are published, the corn yield may be in the neighborhood of 3 billion bu, and possibly the bean crop will be increased by some 30 million bu, all of which is contributing to the indifference at the present time. Overnight weather disclosed some scattered rain in the Southwest, although it was not heavy at any of the reporting stations, but more is in prospect. There will probably be mostly clearing conditions over the corn belt except for isolated moisture, and this no doubt was the reason for the lower opening in September beans, which are very sensitive to anything dealing with maturity of the new crop. We heard that 3 cars new beans had been received in Chicago, but inasmuch as they came from Mississippi, this was not regarded as too significant a factor.

The visible supply figures were rather late in being posted yesterday. Total wheat stocks for the U. S. stand at 401 1/2 million bu, which is 87.3 million larger than last year. Here in Chicago, there was a sharp decrease in stocks but we believe this was mostly due to shifting of supplies as the government is moving some of its wheat to Buffalo, and all told we understand that there may be 3 million bu involved. When it is considered that the open interest in all wheat futures in Chicago amounts to only 80,321,000 bu it is quite obvious how small this is in comparison with such a huge visible supply. It is further indicative of the government program under which the greatest part of the reserve stock was out of commercial channels, and it remains to be seen now how much will be impounded again during the current season.

Primary receipts of wheat were a little heavier and amounted to nearly 2 1/2 million bu; this compared with 1.9 million bu last week, and 1.6 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 257,000 bu.

Wheat was a little easy at the start, but there must have been considerable milling trade overnight as futures were covered both here and at Minneapolis, and Kansas City also was quite strong. This seemed to be the main feature, although some commission house buying also occurred. September beans gave a rather poor account of themselves and lost ground again on the later months. Crop prospects are good but some people are still of the opinion that there may be a holding tendency on part of farmers; thus there is not as much bearishness as one might expect in view of the crop improvement. The government weekly crop report is quite optimistic, although the rains apparently came too late for recovery in many fields in the southern portion of the main belt. Corn firmed after a little hesitancy early.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

August 25, 1954

We do not like to become too pessimistic with respect to the Canadian crop, although each day that rain and cold weather occur naturally makes the final outturn somewhat more hazardous. The Prairie crops this year have been affected by rust and, indeed, some of the reports that have come to us are extremely apprehensive that the final yield may be cut considerably from the 513 million bu figure the government gave us a few weeks back. The lateness of the crop also poses some danger as frosts in Canada come much earlier than in this country. Quite apart from what may happen to the yields, there is certain to be an effect on grades. This in all probability will reduce the effective storage capacity of the Canadian elevator system owing to the fact that more working space may be required if there are a larger number of grades to be handled. As near as we can tell country elevators are filled to within about 8 or 10 million bu of their effective capacity. Total stocks in elevators are now close to 450 million bu of various grains.

For some time we have felt that prices of rye were low in comparison with wheat and even with corn. As a result we recommended, when the differences were wider than at present, the purchase of rye against sales of corn, and this has worked out rather well. The fact that Chicago supplies were large was due mainly to the heavy imports last season. We have recently taken in about 3 1/4 million bu rye from Canada but since that quota is now filled, there will be nothing more coming in until next July. Furthermore, there is every indication that amounts that will be impounded this season may be large. The Department of Agriculture has announced that because of adverse weather conditions in the rye-producing areas, the support provisions have been broadened to include light-weight rye that otherwise would not be eligible for support. This is no different from the action taken on July 28th for lower test-weight wheat, and in fact, the rye program is similar to the one taken a year ago for the 1953 rye crop. Nevertheless, it assures many growers an opportunity to withhold their supplies from the market, although there are certain handicaps in doing so. For example, No. 4 rye or sample grade on test weight only is included, although rye testing less than 40 lbs. per bu will not be eligible for support. Light-weight rye will be discounted 4¢ for each pound below the minimum test weight (52 pounds a bushel), for grade No. 3 rye. Before the provisions were broadened price support was limited to rye grading No. 2 or better, or No. 3 on test weight only. The provision that rye may not contain ergot in excess of 1% is still included in eligibility requirements. It will probably be some time yet before we get data showing the amount of rye that goes into the loan, but for the moment at least there is very little pressure, and certainly the program we have described will enable farmers to hold a good deal of rye when prices are below the support level.

Broomhall's notes this morning spoke of excessive moisture lately in the Argentine that delayed seeding and may possibly give us a smaller acreage for the next wheat crop. While there had been conflicting reports on what Spain might raise we now have the official estimate indicating a wheat yield of 218 million bu compared with 113 million last year, and 150 million bu two years ago.

Primary receipts of wheat were 1.6 million bu which was about the same as last week and compares with 922,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 1.3 million bu.

There was again covering of wheat by milling interests, and reports were that business in the Northwest had been large. However, the trade was not too broad in other varieties; in fact, it was distinctly light in the Southwest. Some of the spring wheat buying was for bookings as far as 90 days ahead, and occasionally for 120 days. Late in the session when the stock market turned so weak there was some liquidation in grains so that best prices were not maintained. One of the leading elevator accounts was a seller of September corn against purchases of December, which narrowed the spreading difference.

Beans were influenced by good crop prospects and the deferred months were lower, but the September future held relatively strong as it looks as though lower temperatures were in prospect accompanied by a wet map. As far as the maturity of beans is concerned nobody can guess it, but with the small quantity remaining from the old crop this is a very important factor.

The U K bought some small parcels of corn, and we saw some lifting of hedges, but against this there was also some profit-taking.

Canadian rye futures were up about 4¢ per bu, which naturally lent some encouragement to our market.

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CHICAGO, 4 August 26, 1954

There is an old adage in the grain trade that whenever farmers complain that there has been too much rain, chances are we have just about had enough. This is very often the case particularly as a large part of the country is semi-arid and not all sections receive the 31 inches of rain per year that we enjoy in our part of the country. However, we have been receiving a good many complaints in the last few weeks that cool and wet weather in Canada was reducing the prospects for their crops with wheat probably taking the brunt of the punishment, but it has also been too wet in many parts of Europe with the result that the final outturn may suffer in comparison with some of the early estimates.

Broomhall tells us the past week was rather unfavorable for crop conditions in Europe. The quality of the French grain crops is inferior due to the record wet and cold summer. There was damage to the oat crop in particular. Weather in the U. K. is unsettled following torrential rains over the week-end, which lodged and twisted the grain especially oats and barley. Chances are that 10% of the French wheat crop may be unfit for milling, while the moisture content of new wheat is in excess of 20% in many cases. German crops have shown some improvement during the past week but it has turned cold and wet again and the frequent heavy rains have saturated the stacked grain, which caused sprouting.

All this does not have the same influence as it would at a time when surplus nations have smaller reserves. In Canada they carried into the present crop nearly 600 million bu wheat which is more than is often raised in that country. Therefore, even if the present wheat crop should be cut by 100 to 200 million bu, it would not be a calamity except that farmers would suffer individual losses.

Our own exports of agricultural products are declining rather than expanding. During 1953, we shipped $2,844 million worth of farm goods, a reduction of 17% from the year before. Even so, 1953 was American agriculture's tenth best export year, and a good part of the grain which left here was destined either to countries that needed mutual aid or to others to whom credit was extended. We sometimes lose our perspective and forget that just prior to the war, agricultural shipments abroad were rather inconsequential. For example, last year we shipped nearly four times as many products as we did in the five-year average period prior to World War II, but yet we complained because there had been a drop of 18% in exports from the five-year period, (1948-52). The underlying reason, of course, for the decline in export commodities was the continued gain in world output. This is something over which we have no control, but by the same token any reductions in either importing or other exporting countries should help us to some extent. At the present time world agricultural output in relation to population is nearly equal to prewar, and this in itself is quite an achievement owing to the fact that the world has been prolific and population has surged forward in most countries.

There was a considerable amount of moisture again through Illinois areas and in some places as much as an inch of rain fell. This is bound to influence the maturity of beans, which are still green in many sections, and it takes about three weeks after they turn color before harvesting operations commence. Thus there is no assurance that we shall have too many beans available during the latter half of September. Moreover, a good many processors whose stocks of old beans have been depleted are awaiting the arrival of new ones. Thus there may be many holes that have to be filled.

Primary receipts of wheat were 1.8 million bu, which was about the same as last year and compared with a little over 2 million bu last week. Kansas City and Minneapolis stocks so far this week show a total increase of 380,000 bu.

Wheat prices were rather firm considering some easiness at Minneapolis, and milling business was on a much smaller scale. It was reported the CCC had sold mills wheat in Duluth yesterday, and that there might be more of this business going on. The outstanding strength was in Winnipeg rye futures, and there was an unconfirmed report that Russia had bought 100,000 tons of Canadian rye. There was also talk that they might be in the market for a considerable amount of Canadian barley and oats through Switzerland. Corn prices were firm, but some swaps are taking place with CCC which might ease the tension between the September and December deliveries. U.S. shipments of wheat and flour were 2.4 million bu during the past week compared with 4.7 million bu last year. For the season we have shipped less than 10 million bu compared with about 15 1/2 million in 1953. September soybeans gained on the deferred futures due to apprehension that harvest will be late in northern areas. Some movement is expected by September 15th to 22nd in Illinois, Indiana and southeast Missouri,

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CHICAGO, 4 August 27, 1954.

With another large crop of soybeans in prospect, it is a fairly good surmise that our export markets may continue to grow as they have in the past. The U.S. is a dependable source --once a sale is made there is never any doubt as to the validity of the contract. Also the certainty as to the supply, the relative proximity to Western Europe, the world's largest market and favorable prices in relation to the oilseeds have been the major factors contributing to the recent record exports of beans. In 1953, we shipped 42 million bu, which was an all-time high. Japan took a record quantity --more than 50% of the total, but of course, there were also large amounts shipped to Western Europe, primarily to The Netherlands and Western Germany. However, much will depend at what price beans sell when the movement is under way, and we believe that large contracts were entered into a year ago early in the season due to the fact that price relationships were satisfactory. By the same token this probably also gave us the foundation for a much better price later on, although last year's crop became progressively poorer and finally we had a rather small harvest, all resulting in one of the smallest carryover reserves of record.

Important as this business may seem, and helpful as it is in maintaining high price levels, we must never forget that wheat, including flour, has always been the principal U S grain exported. During 1953 wheat and flour accounted for 64% of the quantity of all grain exported. The year before they represented 71% of a much larger total. Our wheat exports declined from 370 million bu in 1952 to about 216 million bu in 1953 but flour exports declined during this period by only 17%.

Before our market opened this morning we again had reports of heavy rains over Western Canada, with floods in Alberta, and the forecast was for another day of soggy wet weather in Northern Alberta and Saskatchewan in some of the important areas. The high temperatures indicated were about 55 degrees Fahrenheit. Under such conditions it was very natural to expect higher prices up there, despite the fact that they had the big bulge yesterday when new seasonal highs were established. On the other hand there continues to be a big demand for Canadian oats and barley, and it may also be assumed that the Wheat Board will become a less willing seller of the October contracts, since there must be a limit to the amount that is available. There was nothing new regarding the export demand for Canadian rye but the market shot up rather easily after which time there was some profit-taking.

Here in this country we had reports of heavy rains in Iowa, Nebraska, northern Illinois, Indiana, and Ohio, as well as central Missouri, while over the Southwest rainfall was inconsequential. The five-day forecast does not suggest that much rain will fall in the winter wheat areas, although west Texas may have some precipitation during the period. For the corn belt scattered showers are likely late tonight and Saturday, with rising temperatures. All this occasioned further apprehension as to when new beans would mature.

In Europe it was sunny and warm yesterday, but Broomhall tells us that crops have deteriorated from the cool, wet summer, especially in Northern Europe. Harvesting operations are being resumed in many areas. In Western Europe crops will be excessively wet, and mills are already short of good, dry milling wheat. There were heavy rains earlier but the latest cable reported sunny conditions. It was reported early that the U. K. had bought a combined cargo of corn and light-weight wheat, but otherwise it was rather quiet in export circles.

Primary receipts of wheat today were a little over 2 million bu which was about the same as last week and last year. Kansas City and Minneapolis stocks so far this week show a net increase of 313,000 bu. When the visible supply is posted on Monday it will compare with a decrease last year of 903,000 bu.

All markets were firm early and much of the strength was maintained, despite profit-taking. There was quite a little selling of September beans against purchases of the deferred months, which narrowed the spread. Wheat prices held pretty well because of deterioration of European crops. Also the loan factors are still to be reckoned with. Corn advanced with lack of pressure. The corn-hog ratio is 13.9, or the same as last week and compares with 15.7 last year. Mills generally experienced slack flour business, and according to The Southwestern Miller, the majority of bakers are well booked on hard winters and springs. Some evening up undoubtedly occurred prior to the week-end. Rye was strong.

The weather map for the corn belt still appears to be unsettled.

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CHICAGO, 4 August 30, 1954

According to the USDA the build-up in carryover stocks of wheat is expected to be materially slowed down in the 1954-55 season, and due to acreage allotments and marketing quotas probably stopped in the 1955-56 year. In accordance with the new agricultural bill just signed by the President, price supports will be available on the 1955 crop to farmers who, first, comply with their wheat acreage allotments, and, second, also comply with any other crop allotments established for their farms in 1955, and thirdly, stay within the total acreage allotments which will be established for every farm having more than ten acres diverted from allotment crops. It might be well to again point out that market penalties equal to 45% of the wheat parity, as of May 1, 1955, will be assessed against the normal yield of wheat grown on acres in excess of the wheat acreage allotment. However, when the penalty is paid the producer is then free to market his wheat in any way he chooses, and it is already mentioned that some farmers in areas where very desirable milling wheat is raised may prefer to take their penalties and not stay within acreage allotments.

According to government figures of August 1st, total wheat supplies for the 1954-55 marketing year will be about 1,884 million bu, consisting of 903 million bu carried over on July 1st, and 978 million new crop, with imports of approximately 3 million bu, mostly feed wheat. This would be the largest supply on record and 8 1/2% above the previous record of about 1 3/4 billion bu last season. However, it is estimated that about 875 million bu of the 903 million carried over is either owned by CCC or still outstanding under the price support program.

In discussing the cash wheat price the agency points out that in the soft winter wheat belt of the Central States the discount in market prices have been 40 to 50¢ a bu under the loan, and the percentage of red wheat under the program probably is greater than in any previous year. Cash prices have advanced somewhat and are higher than during the height of the harvest rush; however, they still remain considerably under loan values.

Domestic disappearance of wheat for the present crop-year is estimated at about 660 million bu vs 615 million bu a year ago. This would leave approximately 1,225 million bu for export and carryover. It is not anticipated at the moment that exports will exceed last season's 217 million bu; therefore, the carryover on July 1, 1955, maybe increased by 100 million bu from the record high carryover on July 1, 1954.

Secretary of Agriculture Benson in a speech last Saturday stated that as of today the supply outlook indicates that cotton and corn will be supported at 90% of parity next year, and only in the case of wheat does it appear that the minimum level of 82 1/2% of parity will apply to the 1955 crop. However, there has been no official announcement as to the support levels for 1955.

Primary receipts of wheat today totaled 4,453,000 bu vs 4,235,000 bu last week and 4,464,000 bu last year. When the visible was posted wheat showed an increase of 259,000 bu, bringing the total to 401,849,000 bu, or about 88 1/2 million more than a year ago. Chicago stocks of wheat decreased 364,000 bu, but there was almost that much shown afloat. Bean stocks in Chicago decreased 638,000 bu leaving a balance of 1,221,000 bu in this market.

From information which we have gathered from downstate particularly from Bloomington, Illinois, in the early soybean fields the first yellow leaves are showing, and some of them are starting to fall. It usually takes about 3 weeks from that stage of development to harvest time. However, no estimate is made of what percentage of the crop this may cover. Farther south there is talk that harvest may be on next week, and probably a week later fair amounts will be harvested. There was no particular feature int he markets today. Flour business was of small volume. Traders seemed to be impressed for a time with the weakness in the stock market rather than in grain statics, but toward the close all cereals showed a firm undertone.

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CHICAGO, 4 August 31, 1954.

We have referred a number of times to adverse weather conditions in Canada, although the latest reports show there has been some improvement. However, late yesterday the Saskatchewan Pool reduced wheat prospects in that Province to 228 million bu, which would compare with the government August figure of 325 million bu, and last year's final output of 375 million bu. The last estimate from Manitoba has reduced that crop to 28 million bu, which would be compared to the August figure of 40 million bu, and the final outturn last year of 46 million bu. We have heard nothing from Alberta, but using figures for the two provinces mentioned above, it would indicate a crop for all of canada of 404 million bu compared to the official August estimate of 513 million bu. This is far from a catastrophe when one takes into consideration that the carryover of wheat as of July 31, 1954 was given as approximately 588 million bu. This would give a total supply of 992 million bu, which is quite a lot for a country with the population of Canada.

In our own Northwest one authority states that the fairly general rains and poor drying conditions resulted in rather slow progress with harvesting the past week. They estimate that 40 to 50% of the grain remains to be harvested in northern North Dakota, and the main need is for clear, dry weather to bring harvest to a close. While a private estimate should be issued in another few days, our next government report will be on September 10th; the official Canadian crop report is due on September 8th.

The USDA points out that preliminary and incomplete data indicate that world trade in wheat, including products in the 1953-54 season, totaled about 840 million bu, which is 15% less than the comparatively large exports for the previous year, and 9% below the average of the past seven marketing years. Furthermore, this is 21% below the world record export of slightly over a billion bu for the 1951-1952 season. It might be interesting to note that due to record supplies of wheat now on hand or in prospect in this country for this year, the national allotment according to the formula contained in the new agricultural law, would be only 19 million acres. However, the legislation includes a 55-million-acre minimum below which the national acreage allotment cannot be established. This would be 7 million acres less than allotted for the 1954 crop. If we assume that the acreage seeded will approximate the national allotment, and assuming yields per seeded acres the same as the 1944-53 average of 15.34 bu, we could have a prospect of about 850 million bu wheat to be produced next year. It is anticipated that the carryover of old wheat on July 1, 1955, will be around a billion bu, so we would still be faced with total supplies of domestic wheat for the 1955-56 season of about 1,850 million bu, or slightly below the record reported in the 1954-55 season.

Except for a few heavy thundershowers in Oklahoma and a few lighter showers in Texas, weather has been generally fair the past twenty-four hours. Temperatures have fallen somewhat over the Southwest, and a little below normal over the corn belt. Present weather has undoubtedly been beneficial for beans, and we have received several reports, particularly around the Bloomington, Illinois, area that some new beans are being booked for September arrival in Chicago; so apparently some producers feel that new beans will be available against September contracts.

This is the first delivery day against September futures. So far we hear of tenders of 705,000 bu oats, 705,000 bu rye, and 330,000 bu wheat.

Primary receipts of wheat today totaled 2,664,000 bushels which compares with 2,468,000 bushels last week, and 2,297,000 bu a year ago. So far this week Kansas City and Minneapolis wheat stocks show a net decrease of 172,000 bu.

According to Broomhall the present cold, clear weather in Argentina is favorable for conditioning corn, and it is expected that country will resume offering this feed grain for export. According to The Southwestern Miller there has been no pick-up in flour sales overnight, buying interest was moderate but actual bookings extremely light. With tenders against September contracts, oats and particularly rye were subjected to liquidation, and this in turn was reflected in wheat and corn. Improved weather conditions caused a sell-off in beans, affecting the more distant futures more than the nearby --September.

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CHICAGO, 4 September 1, 1954.

Despite the fact that our agricultural production has increased materially during the past four-score years, large scale farming and mechanization of farms have played a tremendous part in affecting the number of farm laborers employed. According to figures of the American Statistical Association, in 1870 there were 2,886,000 farm laborers gainfully employed, or 23% of the industrial classification in the U.S. This rose to a high of 6,144,000 in 1910, but has since declined to a total of 2,498,000 in 1950, or 4.3% of the industrial classes. The number of farmers listed in 1870 was 3 million, or 24% of the total, and while the number of farmers listed in 1950 was 4,338,000, this only made up 7.5% of those gainfully employed. Thus we see the tremendous job being done by a relatively small percentage in supplying the growing needs of this country, as well as supplying export channels.

At the present moment weather conditions in this country have been quite favorable throughout the major bean and corn producing areas. The 30-day weather forecast suggests average to below seasonal normals east of the Mississippi, with above normal temperatures over the western half of the country, although precipitation is expected to be below normal with the exception of west of the Continental Divide and east of the Appalachians. However, at the moment rains have again been reported in Western Canada, which in many areas will further delay crop development, and in Manitoba will interfere with harvesting. There has been a pause in the export demand as more favorable weather is being reported in Europe.

The Illinois weekly weather and crop bulletin points out that continued heavy rains occurred in the northern half of the state, with above normal temperatures, and that prospects for corn and soybeans did not change materially during the week. The southern part of the state is still badly in need of rains, while ample to surplus moisture is reported in the northern quarter. They further state that about 15% of the corn acreage is now safe from frost, while 60% has reached the dented stage. Development is a few days behind a year ago but still near average. They also mention that soybeans are expected to mature a little later than last year when harvest was unusually early.

The Iowa weekly report points out that temperatures were slightly above normal but no extreme readings. Heavy rains were encountered the first four days of the past week, which ranged from 4 inches in the central part of the state to 2 to 3 inches elsewhere. About 90% of the corn crop is reported to have developed to or beyond the soft dough stage as compared with 80% last year, and the normal of 65% for this date. Crop observers believe that 95% of the Iowa corn crop will reach maturity without frost damage, if killing frosts should occur at about the usual dates.

The Kansas weekly report points out that above normal temperatures were again experienced and that crop prospects turned downward over most of the state during the past week. Corn crop continues to make good progress in northeast Kansas, while the southern end has suffered from hot, dry conditions.

Primary receipts of wheat today totaled 1,926,000 bu vs 1,631,000 bu a week ago and 984,000 bu on comparable day of last year. So far this week Kansas City and Minneapolis stocks of wheat show a net decrease of 206,000 bu.

Our wheat market derived some strength from Minneapolis, and some observers in the northwest market think that crop has been over-estimated. In Chicago a few buying orders set off some stop-loss buying. Formosa bought a small lot of beans overnight but postponed the major purchase until a later date. There is a feeling in some sections of the bean area that farmers will have to sell some of their new beans in order to pay off bank loans. Liquidation in September corn was noticeable, with the thought being expressed that before too long there would be some deliveries in Chicago. Chicago cash buyers are getting a little river corn at 1/2¢ over the September basis, Chicago, delivered by barge, although the quantity is not large. Weakness in eastern cash corn basis also contributed to that thought.

The government announced today that the domestic price it would charge for surplus corn, in accordance with the new law, was lowered 19¢ a bu. At first glance this seems to be a major amount, but the last announced price that the CCC had set was $2.09 Chicago for #3 yellow. 19¢ lower would make the price $1.90 which is still entirely out of line with the cash market.

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CHICAGO, 4 September 2, 1954

Yesterday President Eisenhower signed a bill increasing the borrowing power of CCC from $8 1/2 billion to $10 billion. This increase was deemed necessary to enable the Department of Agriculture to carry out the price-support program. The old Agricultural Act witnessed the continued increased cost of government supports and the increased supply of surplus grains. It is now looked forward to with hope the new agricultural bill will stabilize and reverse this trend. Basically, the new farm law does not change the agricultural picture to any marked extent. It has been indicated but not announced that most of the basic crops, with the exception of wheat, would continue for another year to be supported at 90% of parity. Part of the cushion against reduced supports will be furnished by the "set aside" of $2 1/2 billion worth of farm surplus commodities, the purpose of which is to remove from calculations the quantity "set aside" in figuring next year's support levels. As far as wheat is concerned, the quantity earmarked will be 400 to 500 million bu. One very beneficial result of lowering the support price on wheat will undoubtedly be the enlarging of the crop on better quality milling varieties. In the past high loan values have induced farmers to plant the variety of wheat which would yield a maximum bushelage per acre without regard for milling quality. Top quality high protein milling wheat has been commanding very substantial premiums in the marketplace.

Secretary Benson also points out that another result of unrealistic price supports has been a shocking increase in wheat production outside the areas we normally think of as the "commercial" wheat country. The corn belt has become a source of increasing quantities of wheat; so have the Grasslands of the southern Great Plains and the dairy regions of the Northwest.

Weather in Europe has improved with a consequent drop-off in export inquiry, but reports from various counties in the U. K. indicate that only a very small quantity of wheat will be suitable for milling.

Reports from Canada continue to be discouraging as to the size of their new crop, and what estimates have been made to-date may even be on the optimistic side, since no allowance has been calculated for possible frost damage. The Pools for the three Provinces place the wheat crop at about 368 million bu compared with the government's estimate of 487 million and last year's crop of 584 million bu.

In our own Northwest recent moisture has been of benefit to late crops, particularly soybeans and corn. In the important corn areas of eastern South Dakota and Minnesota yields have been benefited by rain and are expected to produce normal yields. Soybeans in general promise normal yields or better in that territory.

Primary receipts of wheat today totaled 1,863,000, last week 1,834,000, an 2,146,000 bu last year. So far this week Minneapolis and Kansas City wheat stocks show a decrease of 126,000 bu.

According to The Southwestern Miller, only trifling amounts of flour business is being done, and in spring wheat an overnight protection against the 6¢ rise failed to bring out additional bookings, mainly because the trade had been so heavy last week. Export business remains very quiet. The country seems to have more interest in offering new-crop corn and beans; so far offerings are not heavy but at least it shows a trend. There was a load of new-crop beans reported today at New Ulm, Minnesota. While this is a far distance from Chicago it shows the crop in that area is on the early side.

Our wheat market derived its early strength from Minneapolis; however, beans, which had been strong throughout the major portion of the session, finally gave way to liquidation, which had its effect on other grains. Minneapolis advises that while several weeks ago it was thought there would be a fair amount of wheat available for tender against September contracts, it now seems as though it is not profitable to use the heavy test for mixing purposes, thereby reducing the quantity of deliverable grades.

Winnipeg oat prices are now ruling higher than the Chicago futures, which at least for the moment removes the threat of importations to this market, even if permitted to come in under the quota. If anyof the Chicago stock should be moved out our market could do better, as we only have about 3 million bu of deliverable grade.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4 Sept 3, 1954.

The private report of Mr. Galvin's which was put out this morning about substantiates what we have been pointing out in our letters the past several weeks. We have mentioned frequently adverse weather conditions in the Northwest, and the private report now forecasts 183 million bu for all spring wheat against the August 1st government figure of 201 million bu. Improvement in bean prospects is represented in an estimate of 336 million bu vs the government report of August 1st giving 303 million bu. In corn he also shows improvement, with a figure of 2,950 million bu vs the government figures last month of 2,824 million. According to his statistics corn prospects in Illinois have enhanced about 45 million and in Iowa about 51 million bu from the government figures. We shall, of course, have an official government report on September 10th.

It has been **the** hope that our exports this year of wheat and flour in wheat equivalent will run about the same as the past season. However, we are off to a very poor start, as Broomhall calculates that since July 1st the U S has exported 33 million bu compared with 46 1/2 million bu a year ago, while total exports by various countries have been only 46 million bu since August 1st vs 63 million a year ago.

The Department of Agriculture in their recent wheat situation is anticipating a carryover of wheat on July 1, 1955, of 1,007 million bu, which would compare with the carryover this year of 903 million bu, or an increase of 104 million bu. By classes the largest increase will be in hard red winter wheat; in fact, the predicted carryover is 663 million bu vs 538 million this year, an increase of 125 million bu, which is more than the forecasted increase in the total carryover. Soft wheat should be 56 million bu, or a 15 million-bu decrease since July 1st of this year, while hard red spring wheat is forecast at 206 million bu, or 6 million bu more thanon the 1st of July.

Reports from Canada again point out that weather the past week has been very poor for ripening of crops, with frequent rains in most sections and some scattered hail damage. In the more advanced areas where threshing and combining has been completed yields and grades are disappointing. Searle Grain Company, Ltd. estimates the three Prairie Province yields as of August 28th, barring frost and with threshing barely started, at 367 million bu; oats are placed at 243 million, rye 12 million bu,

The same source points out that many times the question is asked: Why do retail prices of food not reflect the decline that has taken place during the past year or two in the price of farm products? During the years 1952 and 1953, farm prices fell about 17% in the U.S. and by 23% in Canada. These declines were closely followed by wholesale prices, but retail prices were practically unchanged. One of the reasons for this disparity is the widening gap between the cost of food at the farm gate and in the retail store. Marketing costs represent between 30 to 50%, and at times nearly 70% of the food cost to the consumer. Higher labor costs in processing, packaging, and distribution are mainly responsible for the failure of retail prices to respond to lower basic costs, and as it is the retail price which affects the consumer, the rigidity of retail prices undoubtedly tends to restrict demand even though basis prices are lower.

Primary receipts of wheat today totaled 2,095,000 bu vs 2,009,000 bu last week, and 1,687,000 bu last year. Kansas City and Minneapolis stocks so far this week show a decrease of 395,000 bu. When the visible supply is posted on Tuesday it will compare with an increase last year of 463,000 bu.

In the early part of the session the market responded to the private estimate given out today, although during the session locals seemed to be on both sides of the market, and fairly well dominated the trade. There was some evening-up of commitments in preparation of the long holiday. It was reported that 100,000 bu of new-crop corn was sold to arrive in Chicago; we could not get the details, but apparently some of the trades were made at 4¢ under December shipment in the country by December 15th. According to New York dispatches reports persist that one interest sold a fair amount of rye to Germany, and that country is interested in 100,000 tons of U S or Canadian rye. It also has been talked in trade circles that the government will announce its selling price for cash rye this afternoon, involving around 3 1/2 million bu, and it is indicated that ap-

proximately 700,000 bu are located in Duluth,

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CHICAGO, 4

September 7, 1954

The miximum controls on the use of land taken out of cultivation under crop acreage allotments have become a very controversial issue. The Secretary of Agriculture acted within his sole authority under provisions of the Farm Act recently enacted into law, but some reappraisal of the situation is liable to develop. Under acreage controls practically all crops would be banned from cultivation on land taken out of production of basic crops with the exception of hay, cover crops and legumes. Some feel that there will be an undue penalty and loss of income to farmers in certain areas, and there also is a discussion as to whether drastic controls might lead to a vegetable protein shortage in 1955 and a dislocation of feeling relationships. There probably will be some reappraisal of the situation within the next few months and some softening of regulations. More moderate thinkers in the USDA prefer a program which would permit the limited use of land taken out of basic crop production and a simultaneous reduction in price support levels for the small grain crops and oilseeds, reasoning that this would start farm economy in its transitition period to a better balance.

Generally warm and dry weather prevailed over the main grain areas during the long week-end holiday, and the present five-day forecast suggests above normal temperatures with some limited precipitation in the northern and southern areas of the bean districts. Undoubtedly weather which we are now experiencing is forcing the maturity of beans and a message from the Bloomington, Illinois area today suggests if the weather stays approximately as it is, harvest of beans in that area should be going rather strong by September 20th.

Meanwhile, weather in Western Canada continued unfavorable for grains. There were heavy rains, particularly in areas where some progress has been made in harvesting. The weekly railroad reports placed emphasis on the lateness of the crop, continued deterioration, and disappointing yields and grades. Threshing in Manitoba is only 5% completed compared with 53% a year ago, while in Saskatchewan only 1% of the wheat had been threshed. There are no complete reports in Alberta but in the southern areas where crops are the farthest advanced, only 3% of the wheat has been harvested. It will probably be a week or two before crops reach maturity.

There was a meeting last week between representatives of the grain export trade and the USDA officials trying to determine adequate discounts for U.S. wheat against the basic Canadian crop if this country should put wheat under IWA at the floor price of the Pact. There will be a meeting of the Wheat Council in London shortly, and it is expected that the U.S. delegation will ask to have the Agreement amended to change the basic wheat grade in Canadian Manitobas from #1 to #2 and to accept USDA estimates of approximate discounts for U.S. wheat below basic Canadian grade.

Primary receipts of wheat today totaled 5,494,000 bu vs 2,664,000 bu last week, and 4,912,000 bu on comparable day of last year. Whenthe visible supply of wheat was posted it showed a decrease of 1,307,000 bu, leaving a total of 400,542,000 bu, or approximately 87 million bu more than last year. Chicago stocks of wheat decreased 561,000 bu, leaving a balance of a little more than 16 million bu in this market. Corn stocks increased 1,341,000 bu, and beans declined 432,000 bu leaving a balance in Chicago of 789,000 bu.

There was not a great deal of feature to markets today, although recurring incidents in the Far East are causing some apprehension, and a firm undertone existed in most grains. According to The Southwestern Miller family and bakery flour sales were extremely light over the holiday weekend. While buyers are in a mood to add to their contracts they seem to hold to prices that are below prevailing costs. Very little was reported in export circles, although Norway bought 7,000 tons of soft white wheat for October shipment, and India purchased 110,000 Australian wheat.

The first tenders of corn were made against September contracts to a total of 450,000 bu. We heard of a car of new beans for shipment within the next three days from the Springfield, Illinois area, and purchases of beans for next week's shipment 30 miles south of Decatur at which time harvest is supposed to be in full swing.

Hearings will start next week on part of the Tariff Commission to institute new import controls for oats, and possibly to add barley to the controlled list.

UHLMANN GRAIN CO.

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CHICAGO, 4 Sept 8, 1954.

The same groups that subscribed to the philosophy of spending on part of the New Deal are now claiming that our economy is becoming static and can no longer provide jobs for the needs of a growing population, and that gorenment "pump-priming" should again be the order of the day. It is pointed out by the New England Letter that the adoption of this theory as a national policy would open wide the flood gates for pressure groups to make raids on the Treasury,for the logical assumption is that if government spending creates purchasing power, why place any restraints upon its flow? This philosopy has been tried many times in the past but in every instance has not proved successful. The large federal expenditures in the early 1930's did not bring business expansion, rather the opposite, and at the end of that decade unemployment had risen to around the 10-million mark. One of our great sustaining forces has been the activity in the building industry, and the same source points out that, despite the postwar building boom, that industry has $ 75 billion backlog of needed construction, naming among the principal requirements: school rooms to provide for the sharp increase due to theheavy birth rate in the postwar era, commercial buildings to meet the requirements of growing suburban communities, the need for larger houses due to the increase that has taken place in the average family membership; also, the need for more highways to relieve the heavy traffic, as the number of motor vehicles has increased from 30 million to 55 million since 1940. Under certain conditions the government can guarantee jobs but the consequence has been the loss of freedom. In a free economy, the consumer in the open market determines the type and amount of goods to be produced. We recently had an example in the coffee market where through some artificial factors the price advanced to such a point as to meet public resistance, with the result that Brazil today has a surplus of this commodity.

Reports from Canada continue to stress the drop in wheat conditions and the Saskatchewan Pool now estimates production at only 205 million bu vs. 375 million a year ago. However, it cannot be overlooked that even though prospects in Canada have been sharply reduced, that country will still have formidable supplies, with a carryover of 587 million bu on July 31st.

The Kansas weekly crop report states that continued dry weather with below normal temperatures and hot winds caused further deterioration to growing crops and pastures. Sorghums are showing considerable damage from hot, dry weather. The corn crop is in good shape in northeast Kansas, while maturity has been hastened in some north central and northwest counties where the crop still promises to make grain. Elsewhere much of the crop failed to make grain and has been or will be harvested for roughage. Soybeans in that state have also been damaged seriously by dry weather. Additional moisture will be necessary before seeding will become general.

The Illinois weekly crop report comments on the fact that about 40% soybeans have shed leaves or are yellow. More than one-third of the corn is matured, and at least 85% is dented. Indiana reports that 58% of the corn is dented, and that soybean leaves are yellowing at about the usual rate. We have a cable from Mr. Richard Uhlmann, who has just been in Liverpool, stating that in grain circles some view the crop damage as exaggerated, although clover and hay suffered the most. He also understands that Germany's rye crop has withstood adverse weather better than wheat, but the main complaint at the moment is lack of sunshine.

Primary receipts of wheat today totaled 1,881,000 bu vs 1,926,000 bu last week and 1,383,000 bu last year. So far this week Minneapolis and Kansas City wheat stocks show a net decrease of 116,000 bu. Flour sales remain small, with millers and bakers' ideas of price still quite far apart. Export business in wheat is also very inactive.

Our markets were mainly under the influence of outside news. The cotton report issued this morning was construed as somewhat bullish on meal and oil, which led to buying of new-crop bean futures. Oats and rye were influenced by the strength in Winnipeg, and advances in those cereals were registered.

According to talk it is expected that some of the corn tendered against September futures yesterday will be ordered out of this market. Contract stocks of wheat in deliverable position in Chicago are 8,952,000 bu, of which 4,187,000 bu is red wheat.

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CHICAGO, 4

September 9, 1954

Secretary of Agriculture Benson in a speech at Everett, Washington, asserted that the new farm program will bring about production for the market rather than for storage, and that when surpluses are reduced to normal levels, production controls can be ended. He indicated that, according to present estimates, the level of support for basic commodities will remain high. He also called attention to the fact that the rapid increase in production efficiency of agriculture is a challenge to Americans as we have learned to create abundance but we have not learned well enough how to live with abundance. The over-all objective program of the administration is a prosperous, productive, and free agriculture.

Yesterday afternoon the Canadian Bureau of Statistics issued a report on condition more than on estimates of actual production. They point out what we have been writing in our letters recently --that excessive rains, rust, hail and damage have all contributed to serious deterioration of crop prospects inthe Prairie Provinces since early August. Harvesting is still very late throughout the West, with manyc rops still immature and subject to frost damage. Canadian conditions have not been as effective in the market as might normally be the case, as one must always take into consideration the tremendous carryover in that country as of July 31st. No doubt the reduction in this year's crops will tend to alleviate some of the suffering from cumbersome surpluses. Nevertheless, with a carryover of 587 million bu, a normal disappearance of 160 million bu for home consumption, possible export business of 255 million bu, or a total of 415 million bu,e ven a reduction of 100 million bu from the August figures would still leave a carryover on July 31, 1955 as large as this year.

The Agricultural Economics Department of the University of Illinois points out that the average supply of feed grains in prospect this year is more than was available a year ago, and that there will be more small grains and old corn than last year for the reason that the cut in corn production is more than offset by a greater carryover of old corn and by larger crops of oats, barley, and sorghum grains. They also refer to the fact that crop prospects have improved in the central and northern corn belts since the August estimate althoughmuch of the corn in the southern part of the corn belt was completely destroyed by the extreme heat during July. Farmers had more animals to feed than a year ago; hog numbers are up about 13% and there is a small increase in poultry. On theother hand there was some reduction in cattle, horses, and mules, with the final result that farmers will probably have 3 or 5% more total grain-consuming animals to feed during the year ahead than they had in the year just ending. However, they point out that the feed distribution is uneven and that the government owns most of the old corn and many farmers in the southern part of the corn belts have little or no feed of any kind.

Beneficial rains have fallen in the Southwest in the district of the winter wheat belt, which has been suffering from dryness and which condition had slowed seedbed preparation and fall wheat seeding. Present rains should relieve that situation.

Broomhall points out that the Foreign Trade Minister of Argentina recently claimed that by June 30th the entire wheat surplus of Argentina had been sold. However, trade circles throw some doubt on the validity of the claim due to the fact that officials apparently calculated the season's surplus at only 3 million tons whereas statistics suggest the fact that thes urplus was inthe neighborhood of 4 1/2 million tons, but it may be expected that for some time the Argentine government may adopt a conservative sales policy, at least until the success of their new harvest is assured.

Primary receipts of wheat today totaled 649,000 bu vs. 942,000 bu a week ago and 949,000 bu on the comparable day of last year. So far this week Kansas City and Minneapolis wheat stocks show a net decrease of 238,000 bu.

Advice was received from Canada today that they understand the U.S. Tariff Commission has recommended an import quota on Canadian oats to this country of 40 million bu and 16 1/2 million bu malting barley. We presume that these quotas are for a twelve-month period commencing October 1st, but there is no clarification at the moment.

Milling demand remains very quiet with bakers and millers still apart on their ideas of price; however, if they can come closer together then a good demand may spring up. Prediction of some rain in the bean area led to some buying of September on the theory that harvest of new beans may be delayed.

Broomhall in his Foreign Crop Summary states mostly favorable conditions now have facilitated harvesting in most lat e areas, although some countries may

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CHICAGO, 4 Sept 10, 1954.

After the close of the market today the government will issue a report as of Sept. 1st. This will be awaited with great interest by the trade, particularly as to the government's appraisal of the corn and bean crop, as it would give the trade some official calculations on which to judge markets.

Yesterday afternoon the government released figures showing 127 million bu wheat under support up to August 15th. When one considers that the August crop estimate of wheat was for 977 million bu compared with 1,168 million bu a year ago, it would point to the fact that with 8 million bu more impounded on August 15th than a year ago, the free wheat situation is likely to be very closely adjusted later in the year. This has been one reason that cash markets have remained so strong. Domestic disappearance of wheat during the season will probably total 660 million bu, which added to the 127 million bu under support would account for 787 million bu, leaving only 190 million bu of this year's production available as free wheat for export, which is calculated to be about the same as last year; namely 220 million bu. However, it is very likely that CCC will supply a sizeable portion of export requirements from their stocks. Of the carryover of 903 million bu on July 1st, it was estimated that 875 million was either owned by CCC or still outstanding under the price support program.

The USDA in a recent release is contemplating a world wheat trade in the 1954-55 season approximately the same as in the 1953-54 season with the supply position in most importing countries generally good. Stocks are above those of a year ago in each of the four major exporting countries with the exception of Argentina. It is thought that world trade comprising wheat and wheat products will be about 840 million bu, or 15% less than the comparatively large exports of the previous year, and about 9 % below the average of the past seven marketing years. The tentative forecast of July 1st stocks in the four major exporting countries are estimated at 1.8 billion bu, which exceeds the record of 1.7 billion bu in 1943 by 4%. World wheat prospects for 1954 are somewhat lower than at this time a year ago with conditions varying widely at present, and the smaller crop in prospect for North America, also a slightly smaller outturn for Europe, with some net increases for Asia and Africa. It is too early for reliable indications of prospects in Southern Hemisphere countries where seeding is just being completed.

The USDA points out that rye supplies for 1954-55 based on a carryover of 14 million bu, an estimated production of 23.3 million bu, and restricted imports of 3.3 million bu would be the largest since the 57.6 million in 1944-45. Rye disappearance in the 1954-55 season may total 27 million bu compared with 23.8 million bu a year earlier, so that the rye carryover on July 1, 1954 may be about unchanged from the 14 million bu last July, unless exports are enlarged. The rye crop is being supported at an average price of $1.43, the same as in 1953, at which time farmers placed a record of 5.4 million bu under price support. It is anticipated that a larger quantity will probably find its way under the price support program than last year.

Primary receipts of wheat today totaled 1,981,000 bu compared with 2,095,000 bu last week, and 1,612,000 bu last year. So far this week Kansas City and Minneapolis wheat stocks show a net decrease of 172,000 bu. When the visible supply is posted on Monday it will be compared with a decrease last year of 1,755,000 bu.

The **Southwestern** Miller still comments on the fact that there is only a limited flour business passing, but there is a potential backlog being built up, and any time bakers and millers come closer together on price ideas, there could be a substantial business placed. Export demand for flour is inactive.

Winnipeg advises that weather is more favorable in western Canada, and the five-day forecast does not indicate any probability of frost. Crops are not ripening properly, and the grades of grains harvested have been lower than normal.

Country offerings of corn in central Illinois are somewhat larger, apparently following country elevators' completion of handling the 1953 loan corn for the government. Some of the elevators in central Illinois seem to be selling oats which they have been carrying since harvest time, and which they apparently want to dispose of before handling soybeans. We hear of moderate quantities soybean purchases, with one estimate that all told this week there has probably been 1/2 million bu sold for this week's shipment. However, there seems to be lack of buying interest at the moment, probably pending the government report to be issued this afternoon. We also understand that Decatur received 23 cars of new beans this morning, and several

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CHICAGO, 4 September 13, 1954

The government report issued after the close of the market on Friday reflects improvement in corn, soybeans, and hay in the main corn belt areas, which resulted mostly from favorable growing conditions in August. There was slight improvement in over-all crop prospects during the month of August, although deterioration took place in cotton, peanuts, and some of the other late growing crops in the less favored areas, particularly in the south and southwest. Pastures are poorer than usual in nearly all sections except some of the most northerly states. As far as wheat is concerned, the report gave a pretty accurate picture of the major cereal, as we do not anticipate much change in the size of the crop between now and the final report in December. With a wheat prospect of 962 million bu, a carryover of 903 million bu, and possibly 3 million bu imported, we have total supplies of 1,868 million bu. Figuring home consumption of 660 million bu, estimated exports of 220 million, it would point to a usage of 880 million bu and an addition to the carryover on July 1, 1955, of 85 million bu. However, we expect heavy impoundings and premiums being paid for high types of millable wheat to be sustaining market factors.

At the moment USDA officials are still at odds over the problem of diverted acreage. There are a number of objectors to the rather drastic ban announced by the Secretary of Agriculture on the use of land taken out of production of crops under acreage allotment. Fear is being expressed that such a reduction might lead to a rather tight supply of protein feed, particularly in face of the last cotton crop estimate and the possible drop of 2 million tons in cottonseed production.

Wheat continues to be the biggest problem facing agriculture. Of the six basic crops, it constitutes some 80% of the surplus problem. Wheat accounted for $2 billion of the CCC investment at the end of May, or approximately one-third of the total. Domestic flour consumption per capita has declined to 129 lbs from 160 lbs in the 1935-39 era, and despite the fact that exports have dwindled wheat farmers continue to produce far in excess of our needs.

The corn estimate is for a crop of approximately 3 billion bu against a usage of 3,100 million. As the season progresses the price structure will depend somewhat on the use made of CCC holdings. High, rigid supports have also caused farmers to grow corn, our leading feed crop, for government storage rather than feeding it to livestock. As one agricultural authority points out: "The principal advantage of converting excess grain into meat and livestock production is that this is the best way of increasing our use of agricultural resources since many pounds of grain are required for a pound of meat. Therefore, the price of corn and other feeds must be low enough to make feeding profitable."

According to Sanford Evans harvesting operations in Manitoba may not be in full swing again until the latter part of the week. Approximately 35% of wheat and oats, and 45% of barley have been cut compared with 75% of grains at this time last year. Early threshing returns show a variance of yields, but wheat appears to be about 17 or 18 bu per acre. For Saskatchewan he reports harvesting to-date has been almost entirely confined to the southern part of the province, and that rains of the pastweek have again held up operations. Harvesting is not expected to become general until about the middle of September. To-date about 17% of wheat and 23% of oats and barley have been cut in the southern part of the province, and about 3% threshed. For Alberta, the same source reports rains prevented much progress in harvesting the past week, and considerable sprouting of early swathed crops is now reported in the south. Rust has entered the province in the northeastern section and has extended as far west as Edmonton.

Flour business was of small proportion over theweekend, with price differences still the main stumbling block. Mill costs, according to The Southwestern Miller, are around the highest of the crop year and for a much longer period, and bakers are in no mood to add to contract balances on such a basis. Export flour business is draggy.

Primary receipts of wheat today were 4,427,000 bu, last week was a **holiday** and last year they amounted to 3,151,000 bu. At the time of completing this letter the visible figures are still missing. Chicago stocks of wheat decreased 375,000 bu, and now total 15,669,000 bu, wheat afloat increased 340,000 bu, and beans decreased 79,000 bu, leaving a balance of 710,000 bu. here.

Our market was subjected to liquidation, paced by September beans, which were down the limit for the day. Offerings of new crop beans have increased and buyers are backing away from early shipment offers.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 14, 1954

Grave concern is being expressed in Canada over restrictions that have been placed on that country's agricultural trade with the U. S. A. and the ability of our northern neighbor to maintain the Canada-U. S. A. trade at former levels. Very little can be done in the way of protesting same but the obvious conclusions are that Canada in the foreseeable future at least will not depend too strongly upon the U.S. to absorb the normal flow of agricultural products. Faced with a period of increasing competition and the imposition of import quotas in barley, the alternatives seem to be for that country to seek out and encourage markets farther afield. This calls for great foresight, and whether the task can be carried out under a system of continued government controls is somewhat questioned by well posted grain authorities in that country. The principal factor in the decline in Canada's total clearances was the drop in wheat exports from 329 million bu in 1952-53 to 208.8 million in the 1953-54 crop-year. There has been a substantial decline in shipments to the U. K., and only once since 1921-22 has the U. K. market absorbed a smaller quantity of Canadian wheat than in the past season when it totaled 65.8 million bu vs. 102 million bu in 1952-53.

According to Broomhall Australia is likely to have a carryover of old wheat on December 1st of around 85 million bu compared with 35 million bu the previous season. The new-crop is estimated to be around 155 to 170 million bu, which would compare with 199 million this season; thus they may enter the new 1954-55 season with a total of old and new wheat amounting to 250 million bu compared to 234 million bu the first of this year. The surplus for export would be about 21 million bu more than this past season and 42 million bu more than the previous season. So even with a somewhat smaller crop the same situation is confronting Australia as well as other wheat raising countries with burdensome supplies available.

It has been rumored that Germany is negotiating for 100,000 tons, or about 4 million bu of North American rye, but offers from the Soviet are also being considered. According to information from Italy, stocks of Argentine rye which arrived in the first six months of this year are gradually disappearing, and also according to Broomhall there are rumors that the Argentine has sold 40,000 tons rye for new-crop shipment. However, this is not confirmed. Washington advices report that CCC has announced that on September 13th at the market close they will accept bids on 2 million bu barley, FOB Duluth, for export. Acceptance was to be announced before the market opening on September 14th, but we have had no further advice. It is also expected that additional barley will be offered later and that toward the end of this week CCC expects to put 1 million bu rye on sale on about the same basis as barley.

Primary receipts of wheat today totaled 2,610,000 bu vs 5,494,000 bu last week, and 2,139,000 bu on comparable day of last year. So far this week Minneapolis and Kansas City wheat stocks show a net decrease of 193,000 bu. The visible supply figures yesterday were released too late to be included in our market letter. Wheat increased 3,282,000 bu, bringing the total to 403,824,000 bu, or approximately 92 million bu larger than a year ago.

A northwest elevator house reports that harvesting progress has been slow due to inclement weather, and has been accompanied with loss of quality in new samples. They estimate that 25 to 30% of small grains remain to be threshed in northern North Dakota. However, the bean crop promises average to above average yields, and there should be a lot of good corn, although the crop is spotty due to earlier dry weather. They figure that the bulk of the beans and corn will be safe if frost holds off for another week or ten days.

Flour sales remain slow, with southwestern mills hardly averaging more than 10 to 15% of capacity, and there still is a waiting policy on part of flour buyers. Export business also is dull, and at the moment the wheat market is lacking new incentives. Bloomington, Illinois, wires that farmers are getting in the early soybean fields in their area, and next week should see them in full swing if the weather stays the way it is at present. The American Soybean Association quotes an Iowa State College economist as not looking for beans to be cheap this fall; they figure the Iowa farm price for the season may average $2.65 to $2.95. However, at least until the flush part of the movement is over the market will be called upon to absorb considerable pressure. The open interest in September soybeans remains quite large at 11,247,000 bu, with the last day of trading in that future next Tuesday, September 21st.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4 September 15, 1954

The agricultural program presented by the Administration and recently enacted into law by Congress indicates a change in political and economic thinking. The combined effects of burdensome surpluses, the desire to reduce government spending and taxes, a great awareness on part of farmers that rigid production and marketing controls would have to be accepted, all helped to tip the legislative balance mildly in the direction of lower price supports.

While the 1954 Act provides for small reductions in support levels for several crops next year, and its provisions indicate the possibility of a substantial degree of flexibility in the year to year levels at which prices of farm commodities are supported, it remains to be seen whether the long run features of the program will succumb to a succession of postponements as have happened so regularly in the past. Flexible supports alone cannot solve the agricultural problem that has been so long in building up.; with over $6 billion of farm products in storage, there will be need for production and marketing controls over most basic crops until surplus stocks can be reduced to workable levels. Help in finding the answer will come from our rapidly growing population, with its increasing requirements for food and fiber, but essential to any solution must be a continuous price system which will assist in adjusting production to consumption. The importance of the new program lies in the significance of the direction in which it is headed.

According to the Illinois weekly crop report a total of 70% of the corn is now mature, and safe from frost compared with about 75% reported last year and the 1949-53 average of 60%. Weather has been very favorable for maturing soybeans and they, like corn, are only a few days later than the 1953 crop. Relatively few fields of soybeans have been combined as yet, and have been limited mainly to the southern and southeastern counties, with yields showing a wide range but generally below average. Combining is just starting in the central part of the state. The Iowa weekly crop bulletin states that the stage of maturity for corn continues slightly behind the 1953 crop but is well ahead of average at this time. Combining of this year's record high acreage of soybeans has started in scattered sections and better than average yields are in prospect for the soybean crop of the state.

As had been earlier anticipated, Agriculture Secretary Benson announced an easing of planting restrictions on acres diverted from production of basic farm crops, whereby it had been originally planned to keep farmers from planting practically anything but hay and pasture on some 35 million acres taken out of the production of wheat, cotton and corn by acreage allotments. Farmers will now be permitted to grow anything on these diverted acres but crops under acreage allotments, and some commercial vegetables. The decision to relax restrictions was due chiefly to the severe crop losses caused this year by wide-spread drought, which reduced feed supplies especially at a time when livestock numbers are growing. The Secretary also put 400 million bu government-owned wheat and 1 million bales of cotton into the commodity "set aside," thus excluding these items from figuring maximum price supports for 1955 under the new flexible price support program. He also announced that 1955 crop wheat would be supported at 82 1/2% of parity or at a minimumof $2.06 per bu in the commercial areas. This price is based on current parity and could be raised if wheat parity goes up before the start of the next marketing year.

Primary receipts of wheat were 1,804,000 bu compared with 1,881,000 bu last week and 1,115,000 bu a year ago. Corn primaries were 820,000 bu vs 1,876,000 bu a week ago and 1,151,000 bu last year. So far this week Kansas City and Minneapolis stocks of wheat have decreased 150,000 bu.

According to The Southwestern Miller flour sales remain disappointing; a great majority of bakers would like to add to their contracts, but at the same time are in a comfortable position to resist current prices. Export flour is also draggy.

Markets opened firm, but best prices did not hold. The September bean contract continues erratic and gained somewhat over the more deferred months. Bookings of beans from the country overnight were quite small with what business done being concentrated in nearby shipment. Corn was quite indifferent, despite an announcement by CCC Chicago officials that they are practically all out of 1948 and 1949 corn in bins at country stations in their area.

Rye continued its upturn, making new highs for the season.

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CHICAGO, 4

September 16, 1954

We commented yesterday on the relaxing of planting restrictions on diverted acreages for 1955. The government program first set up had called for two general types of restriction in addition to acreage allotments on individual crops. One was "cross-compliance," which required farmers to comply with all acreage allotments on their land to get price supports from the government for any one crop. While this still remains in effect, the more stringent portion of the program, which would have restricted use of diverted acres to hay, grass, and the like, was eliminated in the announcement yesterday with the exception of certain bans against growing commercial vegetable products and dried beans. Farmers will not be able to plant on the diverted acres any of the crops under allotment. Otherwise, they are free to put in feed grains and forage crops.

Canada issued their second estimate of this year's crop after the close of the market yesterday. They showed a reduction of 135 million bu in wheat due to serious weather conditions and rust during the maturity period of the grain. While this is a material loss to farmers in that country, we do not consider that it has much market significance for Canada or world markets. It leaves Canada with a supply of 965 million bu compared with 983 million bu the year before. The supply is made up of 587 million bu carryover and 378 million bu production this year. The 613 million bu crop last year was so enormous and with exports being reduced from former years, it resulted in a 220 million bu increase in the carryover during last season. While it is possible that Canada may export more wheat and flour this season than the 255 million bu of last year, they can well afford to do so. Their normal domestic disappearance runs about 160 million bu, so that they would have 805 million bu left for export and carryover. If their exports should be 300 million bu they would still have a carryover of about 500 million bu at the end of the season. While this is a step in the right direction in that it would reduce burdensome supplies, it still necessitates that Canada meet world competition in the sale of their wheat.

Canada has also improved their statistical position on oats, and this probably makes them more independent of an outlet to the U. S. than previously. They probably will have a larger overseas trade than last year because of the poor quality of some of the crops in Europe, even though their exports might be reduced from the 65 million bu of last year, shipped practically all to our country. Last season with a supply of 551 million bu, they reduced their carryover 20 million bu during the season. This year they start with crop and carryover of 489 million bu, which is 62 million bu less than last year; also it is considerably smaller than the two previous seasons, being down 86 million and 94 million bu respectively.

The Canadian rye crop is only half of last year's bumper production, but as an offset they had an increase in the carryover at the end of last season, which gives them total supplies of 33.6 million bu. This compares with 45 million the previous year but 33 million at the end of July, 1953, and 21 million and 20 million bu the two previous seasons. Canada exported 9 million bu last year with practically all of it going to the U. S., whereas this year restrictions prohibit any exports to this country at least until after June 30, 1955, which is within one month of the end of their crop season. The Canadian rye position we view similar to that of the U.S. at current prices, which are much closer to the support level than earlier in the season, as we think both countries will require an overseas export trade.

Broomhall comments that the European harvest is making good progress, and that recent weather has been much more favorable, although in some areas considerable grain remains to be gathered. France is reporting a bumper crop of wheat for 1954, with an all time record not only for total tonnage, but also for yield per acre. It is anticipated that their crop will be in excess of 405 million bu.

Primary receipts of wheat today totaled 1,924,000 bu vs 1,986,000 bu last week, and 2,242,000 bu last year. So far this week Minneapolis and Kansas City wheat stocks show a total increase of 344,000 bu. Millers and flour buyers remain far apart in their idea of price, and very little new business is being done at the present time, although any decline in price of consequence could develop a considerable volume of business.

It was reported that Germany will buy tomorrow 60,000 tons of hard winters, and 180,000 tons of Manitoba, but in export circles in this country it is believed that supplies will come from government holdings. It is also reported that Germany had postponed their rye purchases because of high prices. Liquidation of September beans seemed to hold the spotlight, and this future was down the permissible limit for the day. The open interest in September beans still is in excess of 10 million bu.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 17, 1954

A leading economist points out that evidence is rapidly accumulating that the historical experience that every major war is followed by a boom succeeded in turn by a serious depression will not be repeated, and that the severe and prolonged depressions of the past will not recur in the U. S. In his judgment this is one of the greatest victories of the free world in the cold war against Soviet aggression because it destroyed the prop on which Communist propaganda rested: namely, that the capitalistic system is suffering from inherent contradictions which are bound to lead to depressions and large-scale unemployment. The same authority points out that the productive capacity of the U.S. is substantially higher than at the end of the war and is steadily increasing. Productivity in agriculture has increased considerably, so that today farmers can produce 36% more than prior to the war, with 22% less labor. Productivity in this country is pointed out in the government figures, as is the necessity for changing our thinking about agriculture as represented in the programs of the Secretary of Agriculture.

According to a Washington dispatch, the government has suffered record losses in supporting prices of farm goods in the fiscal year of 1954, as its surplus holdings soared almost 75% above the year previous. CCC as of the fiscal year ended June 30th had over $6 billion invested in loans and inventories of farm products vs. approximately $3 1/2 billion for the same day in 1953. Losses for the year reached $419 million vs. $61 million the previous year, and the all-time record of $345 million in 1951. The losses included the difference between what the CCC pays farmers in supporting crops and what it gets when it disposes of its stocks, plus storage costs. The government agency further estimates that it would lose about a billion dollars if it was forced to sell all its current holdings at prevailing market prices. They further estimate that as much as $9,800 million may be tied up in price-propping actions by early next year. Of the total June 30th price support investment loans outstanding amounted to about $2 1/2 billion, while inventories acquired through loans, purchase agreements, and direct purchases totaled approximately $3,668 million. Almost all the loan total was accounted for by four commodities: namely, cotton, corn, tobacco, and wheat. On June 30th, the government owned outright $1,971 million of wheat and $595 million of corn.

Crop reports from Canada still remain very discouraging and as one authority mentions, the weather could hardly have been worse. The cold, wet weather continues throughout Alberta today, and frost is expected in the Peace River region and light frost in Edmonton. Southern Saskatchewan also received fairly heavy rainfall during the past twenty-four hours. There is no doubt that the crop news is disastrous, but as far as wheat is concerned, the over-all picture in North America is still for very large supplies.

Primary receipts of wheat today totaled 1,959,000 bu vs. 1,981,000 bu a week ago and 1,584,000 bu on the comparable day of last year. So far this week Minneapolis and Kansas City stocks of wheat show a net decrease of 218,000 bu. When the visible is posted on Monday, it would compare with an increase last year of 2,240,000 bu.

Flour demand continues at small volume, and as The Southwestern Miller states, even near a standstill. The great majority of bakers and jobbers are merely drawing on contracts but nevertheless watching day by day changes carefully. In their judgment moderate to good-sized declines would bring out heavy bookings of hard winters, but for the present this does not seem to be in the making.

Some export business in wheat has been reported. Holland bought 150,000 bu hard wheat, while Germany purchased 70,000 tons and is inquiring for 30,000 tons additional. We have no details on the sale but would judge that supplies will finally be furnished from CCC stocks as cash wheat at the gulf is out of line for export. Italy was reported having purchased 500,000 tons wheat from the Argentine government, delivery to start next month.

September beans continued under liquidation today. We had several reports from places not too far distant south of Chicago of a light drizzle to a few drops of rain but soybean harvest is not on in those areas as yet. Farther south in Bloomington and Decatur they advise combining is now just getting started in their areas. In the Minneapolis area frost was not indicated and advices from that section stated that any frost would reduce quality but not bushelage. In response to adverse weather in Canada their oats and rye were strong and our markets reflected the advance.

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CHICAGO, 4 Sept. 20, 1954.

Broomhall gives the carryover stocks as of July 31st in the four major exporting countries; namely, the U.S.A., Canada, Argentine, and Australia, as 1,689 million bu, which would compare with 1,088 million in 1953, 505 million in 1952, and 664 million in 1951. He points out that very little is known of the reserves along the Danube, in Russia, and in Turkey. It is doubtful whether the "IronCurtain" exporters have worth while reserves for sale. France must have a reserve of somewhere around 18 million bu, but data is lacking on which to base a definite estimate. He also mentions that in prewar years the price pattern of the coming twelve months was dictated by the stock and crop figures of these four exporting countries. Were that true today, the pattern would definitely be bearish, as the surplus of 1,689 million bu is sufficient to cover all import needs for a full season and still leave something for reserve. In addition, the new crops now being gathered by the U.S. and Canada promise substantial new surplus supplies as the U.S., will have a larger excess of new wheat than can be comfortably shipped in the twelve-month period ignoring the reserves. Of course, the Canadian crop has steadily gone backward. The prospect for the mid-season crops of Argentina and Australia contrasted well with a year ago. Reserve stocks in the four countries show that home consumption is not responding to price as it did in former years. We have pointed out several times that consumption in the U.S. is seemingly still going down, despite an increase in population, while the same is true on a smaller scale in Canada and Australia.

Broomhall also states that the price-support policy of these countries prevent wheat from competing with the domestic feed trade. The tendency is also for less wheat to be absorbed by exporters themselves, and is particularly marked in Australia, where in the wisdom of the planners feed wheat is sold at a higher price than wheat for human consumption. While statistics are bearish, nevertheless, they may not have the same meaning or significance as in former years. However, when supplies become too huge, there is always the likelihood of government being forced into action to dispose of grain by one method or another. The U.S. despite protests from other exporters sold wheat for local currencies in Spain and Japan in return for military advantages, and consideration must be given to the long-term policies of this country in curtailing sowings imposing marketing quotas and reducing the guaranteed financial incentives for wheat production. Our neighbors to the north have the possibilities of old wheat further deteriorating beyond human consumption standards, and of a portion of the current harvest being of low grade. As long as IWA is in existence the agreement will be observed as a general world minimum; on the other hand supplies are far too plentiful for a sustained price rise. Quoting from Broomhall, he expects market flurries in the U.S., with the CCC holding a large portion of old and new-crop harvest, but the very existence of stocks should prevent any runaway market. As far as IWA is concerned, exporters seem to be reconciled to a cut in wheat sales as a lesser evil rather than engaging in a price war.

Weather continues unfavorable in Canada, with moisture in practically all areas of western Canada. The northern half of Alberta also reported precipitation, with frost last night, and it is expected the damage will be harmful to both quality and quantity. There were some light rains reported through central Illinois, although weather is now clear; Decatur reported that if the sun comes out beans will be cut this afternoon or by tomorrow. Our Lincoln office reports that light rains have delayed combining of beans by one day. There were 578 cars of beans in Chicago today. Offers over the weekend were fairly liberal for prompt shipment, but so far, however limited for shipment during October-November.

Very little new flour business being done, and we do not hear of any export business from the U S today. The Quaker Oats Co. reported in their weekly summary that in Minnesota it is estimated about 60% of the corn acreage is now safe from serious frost, 80% in Iowa, and 70% in Illinois. They are looking for further increase in the next government crop estimates.

Primary receipts of wheat today totaled 3,399,000 bu vs 4,427,000 bu last week, and 3,052,000 bu last year. When the visible figures were posted they showed an increase of 2,869,000 bu in wheat, making the total now 406,693,000 bu, or about 92 1/2 million bu more than a year ago. The bean visible increased 55,000 bu bringing the total to 910,000 bu vs 961,000 bu last year. Chicago stocks of wheat showed practically no change, although 404,000 bu more are reported afloat. Bean stocks here decreased 27,000 bu, leaving a balance of 683,000 bu.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 21, 1954

The last government figures show that we are off to a very poor start in exporting wheat for the season, and total sales so far under the International Wheat Agreement for the season amounted to only 25 million bu vs. a quota of approximately 194 million bu. While advices are sometimes confusing on export business, one source reports that since July 1st our shipments have totaled 42 million bu against 54 million a year ago, but as we know exports for the season ending June 30th were only 217 million bu, or 100 million bu less than the previous year. Not only are our grain exports declining but the U.S. is gradually slipping from its pre-eminent position in world commerce, part of which is undoubtedly due to attempts made by other countries to reduce their dependence on what might be termed "dollar" commodities and the thought that there would be a permanent dollar shortage. Turkey and North Africa have increased their production of grains by leaps and bounds; European beet sugar is crowding the Cuban product, and oil from the Western Hemisphere is losing out to its competitors in the sterling areas.

With the piling up of surpluses in this country, it seems very timely that the 83rd Congress ended the long struggle over farm price-support policies, and recognized that the time had come in the postwar world to lessen the rule of legislative mandate in determining agricultural prices and to begin to turn toward greater dependence on supply and demand conditions surrounding each agricultural commodity. The past Congresses had faced the same issues on several other occasions since the end of World War II, and although registering an intent to move eventually in the direction of less government and more agricultural demand forces in the pricing of agricultural commodities, it on each occasion decided to postpone the date when the move would be effected. They finally recognized a growing awareness on part of farmers that rigid and comprehensive production and market controls would have to be accepted.

In reviewing the wheat situation based on exceptionally early participation in the loan, it looks as though the amount of free wheat available will be rather scarce unless prices should rise to a high enough point to convert wheat from loans and to encourage withdrawal from loan tie-up. Some wheats are already above the gross loan, particularly spring varieties, which are above 12% protein, and also, some choice high protein hard winters. However, at the moment the market is deriving no support from flour demand or from export, and it may take some time before scarcity of free wheat really asserts itself. Secretary Benson stated the other day that first sales of government-owned farm goods under the new surplus Disposal Act are expected within the next few weeks. Under the present law the Agricultural Department will try to sell up to $700 million of farm goods for foreign currencies in the next three years.

Primary receipts of wheat today were 2,076,000 bu vs 2,610,000 bu last week, and 1,788,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 29,000 bu.

Flour business, according to The Southwestern Miller, remains on the slack side, with most of the mills doing an extremely small volume, but they still hope that moderate decline in price might stimulate activity. It was reported that offers are being submitted on a sizeable quanity of flour to Norway, although we have not heard whether any business transpired. We heard of no export business of consequence from this country, although Japan bought six cargoes of Manitobas, and Bolivia bought a cargo of 2 Hard FOB the Gulf.

The weather in Canada seems to be a little more favorable with sunny and warmer temperatures predicted.

As of yesterday there was 6 3/4 million bu of September beans still open, and neither the short nor the long seemed to push very hard. It was reported that 4,500 tons of soybeans were sold at $3.05 FOB Mobile.

We heard today that some corn was bought out of Ohio this morning which figured 2 1/2¢ under Chicago December, shipment next week.

We also understand that on government tenders yesterday about 1 million bu of rye was purchased by several export houses, although the price was not given.

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CHICAGO, 4 Sept 22, 1954.

Despite the fact that government controls on wheat in different areas of the world have led to rather dismal results, wheat growers in Australia are about to vote on their new federal government scheme of wheat stabilization for the next five years. According to Broomhall, it will probably be approved by a substantial majority. There are several new propositions in the scheme but the Australian Wheat Board will still remain the sole maketing authority for wheat within the Commonwealth and for export. Growers are to receive aprice that is about equivalent to the IWA minimum of $1.55 a bu for #1 Northern Manitoba at Fort William, for wheat sold in domestic trade unless IWA price falls below that figure. The federal government guarantees a return to the grower of the cost of production in respect of a maximum of 100 million bu shipped in any one year. As Broomhall points out, schemes in the past have deprived the grower of many million pounds sterling at a time when there was an unlimited foreign demand for Australian wheat, as farmers have been obliged to supply wheat for domestic, milling, and feed purposes at uneconomic rates, and the impact of local and national production trends has been extremely serious. This authority further states, the opinion is widely held that the average farmer will hesitate to refuse a government guarantee of approximately $1.55 a bu, and the thought is advanced whether the scheme is too generous and whether it will lead to heavy and unmarketable surpluses, particularly if during the next five years there would be a general decline in values of all agricultural commodities. However, the government guarantee is only in respect to 100 million bu for export, and with home consumption of about 75 million bu, it is still no blank check for future production.

Weather has cleared in Canada and some frost occurred in the northern areas of the corn territory in this country. However, in reviewing the weekly crop bulletins, reports are all optimistic. Iowa reports that more than 85% of the 1954 corn crop had reached the well dented and hard stage of maturity by Monday night. This compares with 90% in 1953 and the average of 65% for this date. Drying weather is needed for the harvesting of soybeans. In Illinois, according to the bulletin, about 90% of the corn is safe from frost, a slightly smaller percentage thanon this date a year ago but well ahead of usual progress. Most of the crop still carries too much moisture for cribbing or filling without drying. About one-fourth of the beans have been combined, a larger percentage than usual, but still short of the progress a year ago. Most of the bean acreage combined is in the lower half of Illinois with the middle of the state making only a bare start. Nebraska reports that about 30% more of the corn crop moved into the mature stage during the week, and over 37% of the total crop is now mature. This is less than in 1953 when corn was unusually early. There are some local moisture shortages and rains would be welcome in the western half of the state.

Speaking on Europe, Broomhall reports that based on official and private estimates the wheat crop in thirteen countries will be 1,308 million bu vs 1,260 million last year. The increase is mainly due to large crops in France and Spain, the French crop being placed at about 378 million bu vs 330 million bu in 1953. Western Germany has confirmed that grain losses have exceeded expectations, and it is now thought that wheat imports of 102 million bu will be made this season compared with 85 million last season.

Primary receipts of wheat today totaled 1,824,000 bu vs 1,804,000 bu last week, and 721,000 bu last year. So far this week Minneapolis and Kansas City wheat stocks show a net decrease of 438,000 bu.

After giving consideration to yesterday's tenders of 8,000 bu of soybeans which will be delivered today, there are still 4,875,000 bu to be settled by delivery, or exchange of futures against cash. There were fairly liberal offerings from the country yesterday afternoon for prompt shipment, but on the advance which took place during today's session, offerings dried up. Very little new crop beans have been offered asyet for October-November shipment due to the price which has been obtained for prompt shipment. Undoubtedly a fair demand still remains to take care of September commitments.

The rye market in Winnipeg was lower today; this weakness led to liquidation in our own market, and that cereal was under considerable pressure.

There has been no pick-up in flour demand and mills see very little in the immediate picture to warrant any distinct improvement.

Brazil is expected to enter the market shortly for 200,000 tons of wheat including 50,000 tons soft winters, but the inquiry, according to The Southwestern

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CHICAGO, 4 Sept. 23, 1954.

Sales of farm products in the first eight months of 1954 brought farmers about 4% less than in the same months of 1953. Estimated income was $17.4 billion, which includes $11 billion from livestock and products and 6.4 billion from crops. Farmers' production expenses have been about the same as last year; so it is figured that the net realized income in the first half of 1954 was at an annual rate of about $12.5 billion compared with $13.4 billion for the first half of 1953.

The government weekly crop and weather bulletin points out that in Oklahoma dry and unseasonably hot weather has occurred, and that lack of moisture has again retarded land preparation and grain seeding. In some areas wheat is being planted in dry soils and rains will be necessary for germination. The Kansas weekly crop reports also point out that wheat seeding made rapid progress during the past week, but topsoil is drying rapidly and moisture is urgently needed for proper germination, as well as to sustain growth of plants already up. As of September 18th about 31% of the 1955 wheat crop had been seeded vs 37% a year ago. Hot, dry weather is pushing the maturity of corn and sorghums and limited harvest is under way in local areas. The Missouri bulletin speaks of corn and soybean prospects further deteriorating, with another week of about normal temperatures and below normal rainfall. The percentage of grain seeded is only slightly higher than last week as many farmers have discontinued planting due to lack of moisture for germination. Minnesota reports that two-thirds of the acreage for corn was considered safe from frost damage and the bean crop continued to make fair progress. Reports from downstate in Illinoi indicate that in several localities they are getting much better yields of beans than had been anticipated; in fact, Lincoln, Illinois, advises that farmers in that area are now getting about 5 bushel more per acre than anticipated and best yields will run 25 to 30 bushels per acre. Gilman, Illinois, also reports that farmers in that section are making 30 to 40 bushels per acre with an average of about 35 bushels.

There is a little less enthusiasm being expressed by some officials of the Agriculture Department as to the success of selling surplus American dairy products on world markets at whatever price possible. Experts in the State Department are sensitive to foreign fears that America will dump its surplus on world markets, and are, therefore, taking a rather cool attitude.

Under our quota system of marketing in Canada, it is thought that there will be a sharp increase in marketings of wheat and rye, with a corresponding decrease in marketings of other grains. If this should develop, particularly in rye, markets will be called upon to absorb additional hedges, and with a lack of the anticipated export demand, this cereal may be subject tomarket pressure. On August 1st, the carryover of rye in Canada was 18 million bu, of which 12 million was on the farm; so very considerable quantities could come forward under the quota system.

Primary receipts of wheat today totaled 1,352,000 bu vs 1,924,000 bu last week, and 1,330,000 bu on comparable day of last year. So far this week Kansas City and Minneapolis wheat stocks show a net decrease of 484,000 bu.

There has been no improvement shown yet in flour business, and at the moment prospects are not very encouraging. According to The Southwestern Miller all signs point to the fact that sizeable declines are necessary to encourage bakers to build up backlogs. Farm selling of wheat has again fallen off in the Southwest with the tightest holding policy in some of the favorite protein areas. This may continue for some time, as a great many farmers are tax conscious; notwithstanding the price level in relation to the loan, some producers are delaying further liquidation until after the year end. One trouble in the Southwest is that whatever wheat is sold is being done on a flat basis and hedges are not finding their way into the market.

The Foreign Agricultural Service of the Department of Agriculture stated that according to a cable, the reported large-scale purchases of soybeans by Japan from Manchuria was apparently incorrect.

The bean market is dominated by covering to meet September commitments, and there is a large variance in price between beans for guaranteed delivery by September 29th and late shipments. Meanwhile the country is making every effort to cash in on the present premiums which beans for prompt loading command. Rye was weak in Winnipeg, which was reflected in our market. At the moment outside speculation is not giving much support to the different grains.

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CHICAGO, 4 September 24, 1954

The report issued yesterday by the Winnipeg Free Press further emphasized what we have been pointing out in our market letters: namely, the bad weather conditions that have existed during the growing season north of the border. Their estimate for the three Prairie Provinces is 298 million bu wheat vs the government report of September of 351 million bu. Figuring that about 26 million bu is raised in the East, it would give a total crop from Canada of approximately 324 million bu. This would normally be considered a catastrophe and have a very decided market influence were it not for the heavy carryover on July 31, 1954 of 587 million bu, making supplies available of 911 million bu. In this country the last government report placed the wheat crop in the U. S. at 962 million bu and our carryover on July 1st was 903 million bu. This still leaves supplies in North America for home consumption, export, and carryover of 2,776 million bu. We realize the shortages in the best millable grades and in free wheat, but, nevertheless, supplies in North America are still at a rather staggering figure.

The Free Press estimate of 219 million bu oats is a more hopeful picture. This was a reduction of 20 million bu under the last government report, which would give all of Canada a supply of 469 million bu compared with 551 million bu last year. They exported 65 million bu and carried over 123 million, which would indicate a domestic consumption of 363 million bu. Should they have a similar consumption this year without calculating any exports, they would end the year with a carryover of 106 million bu. It would appear that they are much less dependent on exports to the U. S., which have been heavy for the past two seasons. The present import quota as recommended by the Tariff Commission is 40 million bu. Should this materialize, as well as exports to Europe, it would reduce their supplies to a rather small amount at the end of the season. As far as rye is concerned, the estimated crop is down 3/4 million bu from the government report, but this would still leave them almost 33 million bu crop and carryover. Under their quota system of marketing, we look for a rather large movement of rye from farms and hedging pressure, which goes with such a movement. The final price structure as far as rye is concerned will depend entirely on the amount of export business consummated during this crop season.

Some of the excitement has now subsided in the purchase of cash beans to meet delivery requirements, and it would appear that probably most of the commitments have been arranged for. Bids have been reduced but they are still running about 6¢ over November, equivalent to a Chicago basis, for five-day shipment, with downstate processors taking a fair amount of beans from Illinois and Indiana shippers.

Primary receipts of wheat today amounted to 1,416,000 bu compared with 1,959,000 bu last week, and 1,441,000 bu last year. So far this week Kansas City and Minneapolis wheat stocks show a net decrease of 507,000 bu. When the visible supply is posted on Monday it will compare with a wheat increase last year of 574,000 bu.

Flour sales continue to be of limited volume, with the price level remaining above buyers' ideas. Flour export business, according to The Southwestern Miller, is slow, but mill grind is at an active pace. There was not much in the way of market news today. Corn and wheat had a fair undertone, possibly due to the Canadian crop report, but pressure was exerted on the bean market, as large arrivals and expanded offerings are looked for over the week-end.

We understand the CCC is pretty well along with their program of shifting stocks of 1952 corn from storage bins, part of which they have sent to Chicago for storage, and the balance to other markets, including the seaboard for export. They will have to continue to ship grain to export positions, and possibly to positions to be available for the drought program, but otherwise they will only move corn from bins that have gone, or are in danger, of going out of condition.

The Agricultural Price Outlook of the Agricultural Marketing Service expects a strong demand for feeder cattle, which in turn may cause some demand for feed grains.

The recent strength in the wheat market reflects small supply of free wheat, deterioration of crop in spring wheat areas of United States and Canada, more than the actual demand.

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CHICAGO, 4 September 27, 1954

There is a great deal of discussion, and also, some confusion over the Secretary of Agriculture's change of program on diverted acres. One important change that has taken place is the fact that acres planted used to be the yardstick for measuring compliance with allotments, while nowactual acreage harvested is the yardstick. In other words, the producer can destroy any of the basic crops at some time before actual harvest to become eligible for price-support loans, even though he may have overplanted in the spring. To keep the surplus problem from being shifted from one agricultural product to another "cross compliance" is still necessary, --that is, the farmer cannot plant any of the basic crops under acreage allotments on the diverted land. The allotment crops at the present are corn, wheat, cotton, peanuts, and tobacco. There is also a limit on putting the land into vegetables for commercial use either fresh or for processing potatoes, sweet potatoes, and dry beans. "Cross compliance" does not apply to farms on which the acreage of wheat is less than 15 acres. Farmers exceeding wheat allotments that are under 15 acres will not receive price support on wheat. If the wheat acreage is 15 acres or less they will be eligible for supports on other crops for which allotments were observed. Thus no direct attack is made on the general problem of over-production, such as had been originally anticipated by the Secretary of Agriculture.

The American Soybean Association in discussing the Secretary's present program mentions that there may be a large increase in soybean acreage next year with many farmers shifting from restricted crops into beans. They also state that the supply of oilseed meals available for feeding this season will be increased close to 1/2 million tons by the improvement shown in the last official crop for September , and that the increased production of bean meal would more than offset the decline indicated for other seed meal.

Weather continues dry in the Southwest area of the winter wheat belt, and while not much comment has been made to date regarding soil conditions this has been the driest year since the drought years of the 30's. From January to mid-September of this year Kansas has had 65% of normal rainfall compared to 79% last year and 74% in 1934. Oklahoma has 40% of normal rainfall compared to 94% last year and 83% in 1934, while Texas has had 70% of normal rainfall for the months quoted vs 86% last year and in 1934. Colorado is also another very deficient state, with 50% rainfall compared with 83% a year ago and 76% in 1934.

Sanford Evans points out that harvesting has been brought to a standstill after a week of cool, wet weather. Precipitation the past week was heavy in most of Manitoba, Saskatchewan, and Southern Alberta, with amounts in excess of one inch being quite general throughout the southern parts of these Provinces. Cutting and threshing progress for this year in Manitoba is 78% vs 90% last year; in Saskatchewan 32 %, a year ago 62%, and in Alberta 21% compared to 51% a year ago.

Primary receipts of wheat today totaled 3,025,000 bu vs 3,399,000 bu last week and 2,626,000 bu last year. When the visible supply was posted, wheat showed an increase of 813,000 bu, and now totals 407,506,000 bu, or approximately 93 million bu more than a year ago. The Chicago stock of wheat decreased about one million bu, leaving supplies here of approximately 15 million bu; however, wheat afloat increased 693,000 bu. Bean stocks in this market increased 1,318,000 bu, for a total of 2 million bu. Changes in oats, corn and rye were not of great significance.

According to The Southern Miller, mills did a little business over the week-end mostly small lot replacements, and limited quantities to buyers approaching the end of contracts. The majority of the trade is still in position to hold off for another month at least and on the average moderately longer. Export business is inactive, and there is very little news developing daily to affect the wheat market, with demand poor. Looking further ahead, with the large amount of wheat which is under government domination, either through inventory or loans, the scarcity of free wheat should eventually assert itself, although with the present lack of interest it may take some time to show up.

Western Germany this week-end is scheduled to buy 100,000 tons, or equal to about 3 3/4 million bu of U.S. red wheat for October-November shipment, according to reports in export circles. However, chances are this quantity will again be furnished from CCC stock, and will not have too much market effect.

There were 618 cars of beans in Chicago today, country offerings over the week-end were very liberal and the market is now called upon to absorb more and more hedges.

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CHICAGO, 4 Sept. 28, 1954.

There were widely scattered showers over portions of the Southwest, Iowa, and Illinois, with other showers forecast in the eastern portions of the winter wheat belt today. While moisture has not been of any great consequence, whatever was received will be more than welcome, as a severe and extreme drought has prevailed this month over a large area of the U.S., stretching across the country from Wyoming, Colorado, and New Mexico on the West to Virginia, the Carolinas, and Georgia on the Atlantic Coast. No great complaints have as yet been received from the winter wheat areas, where seeding is progressing and where soil has been dry and moisture is necessary for proper germination. Except for 1953 pasture conditions in early September this year were the poorest since 1936. As pointed out by the Department of Agricultural Economics of the University of Illinois, most crops are large this year. The September 1st estimate of 2, 973 million bu corn will be only 6% smaller than that of last year and only 3% below the ten-year (1942-53) average. Since the last government figures, reports received from growing areas would indicate an increase in the next report of bean production, as well as corn production.

The Searle Grain Co., Ltd. of Winnipeg mentions in a recent publication that it is interesting to note that in a short period of three years the British government has carried out a program abandoning the system of bulk buying and selling, which had caused so much friction and discontent between Britain and those countries whose exports Britain buys, and has effected a recovery beyond the greatest expectations of those who were charged with the responsibility at the time. Step by step, since 1951, that country has relaxed or abolished restrictions and controls, and has re-established free markets all along the line. The restoration of freedom has led to the almost complete end of state trading and Britain, in common with all the other countries which have taken similar steps, has enjoyed a new measure of economic strength. Britain's finances have been greatly strengthened and even though that country has made a repayment to the International Monetary Fund of $112 million and a repayment of $99 million to seven European creditor countries, gold reserves have increased to about $3 billion.

The National Soybean Association quotes from a brief by the American Feed Manufacturers Association filed with the Secretary of Agriculture pointed out that grain-consuming animal units are expected to increase inthe 1954-55 season to 175 million from 168, 600, 000 last year. Also an increase is expected in hogs, which are an important protein consuming factor, and may increase protein demand by a larger margin than total animal units. In order to maintain the proper protein feeds at home, if the bean crop finally proves to be 330 million bu, a limit of 35 million bufor export should be placed. If by next season 45 million bu are to be exported, it should necessitate a crop of 359 million bu in 1955.

There w as a little buying of wheat, apparently against some flour business, although the quantity did not seem to be substantial, and according to The Southwestern Miller, mills continue to do only a small volume of hard and soft winter flour business. The action of the market is not conducive to the expansion of flour business, particularly in southwest flours. A great majority of the bakers still remain on the side lines.

We understand that some of the soybeans brought to Chicago for September delivery purposes are finding their way to Chicago interests of either an elevator or processing nature. The quantity appears to be substantial, and if this is the case carrying charges may develop in this market.

Canada wires that light, moderate rains were experienced overnight in many parts of the west, particularly in the southern areas, and further unsettlement is indicated for today. Any great delay in harvesting operations at this time could be very serious.

Contract stocks of wheat in deliverable positions in Chicago this week are approximately 8 million bu vs 8, 800, 000 bu last week. Primary receipts of wheat today totaled 1, 849, 000 bu vs 2, 076, 000 bu last week, and 1, 820, 000 bu last year. So far this week Minneapolis and Kansas City stocks show a net decrease of 168, 000 b

Small amounts of flour were sold to The Netherlands, but no cables were received from Norway indicating importers had covered prior to the weekend. It is expected that Portugal will buy one cargo of wheat before the end of the month.

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CHICAGO, 4 September 29, 1954

According to a release by the USDA general business activity has held relatively steady in recent months, with incomes after taxes near the record levels of the first half of the year. Consumer buying is at a heavy pace, with some increase in unemployment in non-agricultural industries, due largely to reduced government spending and a cutback in business inventories. However, civilian employment in early August totaled 62.3 million, which is a rather formidable figure. In discussing corn and feed, the same publication points out that cash corn prices continued to advance during August and early September, and prices of other feed grains strengthened from low points reached in July. Corn prices have been unusually high this summer relative to oats and barley, reflecting short supply of free corn and big crops of other feed grains. However, they anticipate that corn prices are expected to decline seasonally during the next two months, although the drop will be tempered by the smaller 1954 crop.

The Illinois weekly crop bulletin reports that 85% of the corn crop in this State has matured compared with practically all the crop safe from frost at this time last year, and an average of about 90%. Corn is drying rapidly but still contains more moisture than is safe to crib. 55% of the bean crop has been harvested compared with less than 65% on this date a year ago and an average of about 35%. The report comments that yields have been fair to better than expected. The Nebraska report states that the dry warm weather the past week was highly favorable for maturing corn, the great bulk being sufficiently advanced to withstand any frost. Early seeded wheat is making excellent growth. Soybeans are promising and should be ready for harvest soon. The Missouri weekly crop bulletin reports that the corn and bean harvest is well under way and harvesting conditions are excellent. The bean harvest is about one-fourth completed and is in full swing in all areas except the northwest corner of the state. Yields vary considerably but quality is below average.

According to a report from Winnipeg, England is now experiencing wonderful autumn weather, which no doubt will be highly beneficial to harvest, although threshing returns are disappointing. The same source reports that weather in the Argentine is very favorable for the development of new crops and seeding of wheat has been completed. The acreage has been somewhat reduced. News from Australia is also favorable, but naturally much will depend on weather the next couple of months. Seeded acreage is about comparable with last year. Germany suffered the most from practically endless rains and crop losses in that country have been rather severe; also, the quality of wheat is very poor with a large portion only fit for feeding. It is believed that import requirements will be around 2 3/4 million tons compared with about 2 1/4 million tons imported last year.

According to Broomhall wheat production in France has turned out extremely well, about 54 million larger than last year, and Spain has also had a large increase in yields of about 100 million more than the previous season. All told, wheat production for thirteen European countries is 1,308 million bu compared with 1,260 million bu a year ago.

The Iowa weekly crop bulletin statest hat 95% of the corn crop was well dented and hard, and at about the same stage of development as recorded lastyear, although this is aheadof the average. Some observers feel that the reported frost about mid-week caused some damage to late corn, and to soybeans in scattered areas in the northwestern and north-central sections of the state. Less than 10% of the bean acreage had been harvested in the state through last Monday.

Primary receipts of wheat today totaled 1,287,000 bu vs 1,824,000 bushels last week, and 1,142,000 bushels lastyear. Kansas City and Minneapolis stocks so far this week show a net decrease of 481,000 bushels.

There was not a great deal of news in the market today, and trading was of a rether quiet nature. Flour demand is still quiet. It is expected that Germany will buy 100,000 tons of U S wheat October 7th --in all probability soft winters, although it may be followed by a quantity of hard winters around October 12th. The country is not offering many beans, and the price downstate is equal to about 4 or 5¢ over delivered to Chicago.

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CHICAGO, 4 September 30, 1954

There is very little in the daily grain news to affect the wheat market. Yesterday it looked rather hopeful for some moisture in the winter wheat areas, but actually rainfall was rather scant and the present forecast would indicate a few light showers in the east portion of Oklahoma and Kansas tonight, with fair elsewhere. It has been extremely dry in our Southwest. Drought conditions, have persisted and while a considerable part of the seeding has been completed, moisture is necessary for proper germination, and also to support the growing plant. Of course, it is much too early in the season to start any weather scare, but it would relieve a great deal of tension if some adequate moisture was received in the near future.

Meanwhile, there is very little demand for wheat from industry, although, as we have repeatedly remarked, bakers are near the point where they must supplement their purchases of hard winter variety flour. There is still great divergence of opinion as to price between millers and bakers, and unfortunately we have to face up to the situation of farmers raising wheat for the loan rather than consumption. Tightening of cash premiums in recent weeks is evidence of the power of the price-support program. During the last fortnight choice hard winter wheat carlots scored a rise of almost 10¢ a bu, accompanied by even greater strength in stronger protein wheats. Farmers seem to be holding back because of a desire to avoid additional income during 1954, and also, with the thought in mind that because of the power of the loan through large-scale impoundings prices may climb substantially above the support level. In areas of the Southwest values are already at least 15¢ above loan value, and in the spring wheat areas most types demand prices well above the gross loan.

The International Wheat Council will meet in London on October 16th. It had been anticipated for some time that this country might take the lead in dropping the price to the minimum of $1.55. However, as the result of lower outturns in North America, and due to poor harvests in much of Europe, these thoughts may be changed by the time the Council convenes. However, it does appear that the only hope of the U. S. moving its entire quota under IWA lies in a reduction of the price, thus forcing importers to take up their commitments, or at least those importing nations which will stand by their commitments under the Agreement.

Final deliveries on September beans were made today, but it will take a short while before some of the beans in boxcars are unloaded to actually complete transfer of the ownership of the beans. We have had a very large delivery of new-crop beans, which will give Chicago a substantial stock. There were very few deliveries while pit trading continued during the month of September, and it left close to 5 million bu to be settled after trading ceased. Fortunately the harvest weather was excellent, and the expiring premium of September over the November future made it attractive for country shippers to sell to Chicago rather than to processing interests in other parts of this state. Apparntly through some change of ownership the Chicago stock of soybeans is available for merchandising purposes, or if necessary for delivery on later future months.

The heavy run of soybeans to Chicago, coupled with a producers' holding tendency seems to have put the downstate processors on the defensive, and they have been forced to bid substantial premiums on a Chicago basis to secure a working stock. Temporarily, rain is delaying further harvesting of soybeans in Illinois, and it is preventing the start of general combining in the northern portion of the corn belt where there is a large crop compared to previous years, and where the large surplus this year apparently is located. Prices of beans in the northern area are closer to the loan than they are in Illinois, and because of the large yield it is anticipated that there will be a good amount of beans sold at harvest time.

Primary receipts of wheat today totaled 1,330,000 bu vs 1,352,000 bu last week and 1,255,000 bu on comparable day of last year.

While there is a slight pick-up in flour business, no large amounts have been reported sold. Portugal bought a cargo of #2 red winter wheat for first half October. Formosa was credited with buying at least two cargoes of soybeans for November shipment; they have asked for offers on 36,000 tons.

There was some sizeable selling of December and May corn, which we believe is probably against export corn from the government as today is the last day of their special 15-cent export allowance. Industry seemed to be on the buying side of December corn.

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CHICAGO, 4 October 1, 1954

According to the USDA release on agricultural prices, the index of prices paid by farmers for family living items declined 1% during the month ended September 15th, the first decline since September 1953. A rather sharp down-turn in food prices was primarily responsible, and the decline in such food prices during the month was the sharpest in any one month since February 1948. Fuel prices were also lower, while partially offsetting were the minor price increases reported for household furnishings, auto supplies, and building materials. The index of prices received by farmers dropped sharply as the result of the decline in hog prices, together with lower prices for commercial vegetables, eggs, potatoes, soybeans and chickens. Higher prices for such items as meals, apples,cotton, cattle, tobacco, and wheat were only partially offsetting. Prices paid for commodities used in production again edged upward during the month with a continued rise in feeder cattle prices and smaller increases in the prices of petroleum products, fertilizers, tractors, and building materials accounting for most of the increases. Lower prices for feeds partly offset these increases.

According to Broomhallhall, U.S. wheat and flour exports last week were 2.6 million bu, and since July 1st, 46 1/2 million compared with 61 3/4 million bu a year ago. Altogether exports by the five principal exporters since August 1st have been 102 million bu compared with 114 million last year. Argentina has exported 19 1/4 million, about 2 3/4 million more than last year, and Russia 4 1/2 million, about double a year ago. The U S exported 27 million, which is 10 million under last season. The 41 million shipped by Canada was 5 million less than in 1953, and Australia with exports of 10 million was down about 1 1/4 million. Further reports from Broomhall indicate that wheat crop prospects remain favorable over most sections of the Argentine. The crop still must pass through the critical growing period, and there is the ever-present fear of late frosts, which at times in the past have taken a heavy toll. However, barring any serious reverses, it is expected that very satisfactory yields will be realized. The official agency has not been offering grains and there have been no indications of any early resumption. However, some trade interests expect that wheat offerings will be resumed when the new-crop nears maturity. Following a wet summer in most of Europe, which lodged the wheat and caused much sprouting of grain in Northern and Eastern Europe, farmers are now beset with rain and snow. In Australia rain is urgently needed in Victoria, South Australia, and most of Western Australia.

There was no precipitation of consequence overnight except rather heavy rain fell over central and southeastern Texas and at a few points in Nebraska. Possible showers are looked for in the eastern portion of the Southwest. Unsettled conditions prevail in the corn belt, with light rains and somewhat cooler temperatures anticipated. There was not much in the way of moisture overnight in western Canada, but fairly continuous light rain is looked for in southeastern Manitoba, and rain or snow may occur over southern Saskatchewan, as well as Alberta.

We understand from Canadian sources that American interests purchased about 2 million bu of oats in that market, and that substantial shipments will be made to the U.S. However, the price at which these Canadian oats could be shipped to this country at the present time is considerably higher than American shippers are offering for 40-lb test weight oats to our eastern states.

According to The Southwestern Miller flour demand is still slow, overnight business being of only limited amounts and inquiries slack. Here and there flour sales show signs of pick-up mainly because of the need for replenishment, but this does not represent any substantial aggregate, although more and more buyers will soon be reaching the same status. Bakers seem to be in a mood to hold off as long as possible in resistance to prevailing costs.

Our various offices in central Illinois report the soybean harvest in their areas as 90% completed except for a few spots where the harvest has progressed to a slightly lesser degree. There has been no harvest activity in the past two days, but this may be resumed if there is no rain this afternoon. We understand that processor bids for soybeans at downstate Illinois plants have advanced further, and equal about 7 to 8 over on a delivered Chicago basis.

Primary receipts of wheat today totaled 1,106,000 bu compared with 1,416,000 last week and 1,333,000 bu last year. When the visible supply of wheat is posted on Monday it will compare with an increase last year of 88 million bu.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Oct. 4, 1954.

The most important news over the weekend was the agreement signed by the Foreign Ministers of nine nations, ending the nine-year occupation of Germany, and making that country a free nation and an equal part of the North Atlantic Treaty Organization. There are still individual agreements to be ratified by the various governments involved, but as Secretary Dulles said the conference would go down in history as one of the "greats" of all time, and has started a trend of European unity on the road to reality. In signing the Agreement Chancellor Adenauer promised that his country would produce an army and air force of half a million men within two years.

In this country moderate to heavy rainfall occurred over the corn belt areas since Friday morning, especially northern sections, and some moderate rainfall over the northwest states, as well as central and eastern Oklahoma. However, elsewhere in the Southwest fair weather prevailed. While the government's long-time outlook for October weather is for precipitation in amounts to exceed normal over most of the areas between the Continental Divie and the Appalachians, these long-time forecasts are not too dependable. However, it is hoped that some moisture will come to the winter wheat areas in the Southwest as a few reports have been received of early-seeded winter wheat that came up to a good stand now dying with the high temperatures and the hot winds that have existed. Record-breaking low temperatures accompanied by snows were experienced in Alberta over the weekend, while there was rain and snow in northern Alberta and the forecast indicates a continuation of bad weather.

So far we have not heard of any deals todspose of $300 million worth of surplus commodities this year, Undoubtedly deals are probable but at the moment they are far from actuality. As pointed out in The Northwestern Miller report, the one big natural for purchases of U.S. surpluses is Yugoslavia, and there is a possibility that the U.S. can move as much as 30 million bu wheat, probably soft red wheat in exchange for Yugoslavian currency. Japan will be a market factor for surpluses, and is asking for not less than 575,000 tons soybeans and will take more if the U S will accept yen in payment.

We received a cable today from our Mr. Richard Uhlmann, who is in Paris, that crops and weather in France are perfect, and it is expected that they will have exportable wheat surpluses of a million tons more than requirements, and offsetting requirements of Holland, Denmark, and Belgium, as well as Austria. Italy needs a million tons, half of which has already been purchased from the Argentine. Prospects in Germany are poor.

The export quota on oats imposed by the Canadian government expired on September 30th, and immediately American grain companies purchased oil stocks of these oats that the Wheat Board had available at the lakehead. Presumably these are to be shipped to the eastern U.S. since the U.S. government has not yet announced any import restrictions for our country. While Canadian oats are relatively high-priced compared with American oats, there seems to be a demand along the Atlantic Seaboard for the heavy Canadian oats even at the prevailing premium.

Primary receipts of wheat today totaled 2,306,000 bu versus 3,025,000 bu last week, and 2,630,000 bu last year. When the visible supply figures were posted wheat showed a decrease of 1,511,000 bu making the total approximately 406 million bu or 91 million bu more than a year ago. Chicago stocks of wheat decreased 732,000 bu, leaving a balance here of 13,896,000 bu, but wheat afloat increased 350,000 bu. The bean stock in the Chicago area increased 2,126,000 bu, making the total 4,127,000 bu.

Flour sales over the weekend were of scant proportions, and the week is starting out at a dull rate. According to The Southwestern Miller, bakers are reaching the end of their contracts, which points to a pickup before long in bookings. There is nothing of consequence to report in the export field, 750,000 bu of Canadian oats cleared for Buffalo on Saturday. According to the American Soybean Association there is a marked increase in storage of the 1954 crop as compared with past years, with more beans being stored on farms than ever before. It is reported that in Illinois 50 to 75% are being stored, and up to 100% may be stored in some areas in Minnesota and North Dakota. From most reports the northern yields are optimistic.

The feature of the market today was the strength in wheat and beans; also

corn, oats, and rye showed strength.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Oct. 5, 1954.

The private report of Mr. Galvin's issued this morning furnished no surprises, and was about in line with what had been anticipated. He now places the soybean crop at 332 million bu, which is compared with the last government figure of 325 million and his own estimate on September 1st of 336 million. He comments that the yields vary widely but there is little change in the over-all production outlook, and that harvesting of the largest crop on record is now under way, although it has been retarded by rainfall since September 26th. His corn estimate puts the production slightly over 3 billion bu, or 39 million bu more than the government estimate on September 1st. He has raised the oat crop to 1,554 million bu. While his estimate of all wheat is 946 million bu vs the government figure of 962 million bu very little attention was paid to the reduction in wheat prospects because of the enormous carryover, and even though the final yield should be 946 million bu, with 903 million in the carryover on July 1st, it gives us supplies of 1,849 million bu.

There has been considerable discussion taking place as to what the Agriculture Department policies will be, and whether price supports are to be drastically lowered on the non-basic feed grains and oilseed crops, if not dropped entirely. The theory behind this thinking is that farmers can plant all the acreage they want without risk of losing support of any of the basic crops as controls were discontinued when the diverted acreage program was changed. We have been asked several times if a program of this nature would have any effect on corn supports, but as we interpret the new Agricultural Act for 1954, the level of support to cooperating farmers will be within a range of 82 1/2 to 90% of parity, and for the years following, within a range of 75 to 90% of parity. As to what will be done regarding the support level on oats, rye, and beans is still to be determined.

The USDA report on agricultural price levels mentions an August-September slide in prices received by farmers and further declines in several feeding relationships. The corn-hog feed ratio for September 15th is near the low point registered for the period of 1933 to 1952, and barely above the recent ten-year average. The egg-feed ratio also went through its previous floor in August, and it is reported at 8.7, an all-time low since 1953.

According to the Saskatchewan Pool the wheat estimate for that province is now figured at 163 million bu compared with their government September estimate of 210 million bu. Unfavorable weather has persisted across the border.

One of the large elevator operators in our Northwest reports that harvest has progressed rather favorably in South Dakota and most of Minnesota, but across North Dakota, and particularly the latter districts, frequent rains have seriously interfered with the harvest of late crops. Fall rye acreage apparently is greater than in recent years. It was further reported that frost has nipped the corn crop but in the areas of commercial production 70 to 90% of the corn was safe ahead of the frost.

Yesterday afternoon, President Eisenhower issued a proclamation limiting imports of oats to this country to 40 million bu from the period starting October 1, 1954 and ending Septeber 30, 1955. The Chief Executive's action was based on recommendations from the U.S. Tariff Commission.

Primary receipts of wheat today totaled 1,321,000 bushels versus 1,849,000 bushels last week, and 1,403,000 bushels on comparable day of last year. Kansas City and Minneapolis wheat stocks so far this week show a net decrease of 166,000 bushels.

Outside interest in markets seems to be lagging, with locals dominating the daily trade. At the moment there does not seem to be any constructive news to influence investment buying. There has been no pick-up in flour business, and export flour sales are almost flat. It is reported that Yugoslavia bought five cargoes of #2 red wheat for October-November, which undoubtedly will come out of government stocks. It is also expected that later they may purchase up to 5 1/2 million bushels. There has been no interest in wheat expressed from Germany, and according to New York advices the reported sale of 670,000 bushels of beans to Formosa last week was cancelled. Germany made no purchases of rye, considering the price too high.

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CHICAGO, 4 Oct. 6, 1954.

Some beneficial rains have occurred the past twenty-four hours in areas of Texas and Oklahoma, as well as Kansas. Further scattered showers are predicted for tonight, with clearing weather by Thursday. Enid, Oklahoma reported about .72 inch rainfall, Lubbock, Texas 2.28, Amarillo .33, Perryton .93, and Woodward, Oklahoma about 1/2 inch. Garden City, Kansas reported .30 inch while Coffeyville had about an inch of rain. This moisture is certainly very welcome and where received will certainly relieve the dry soil condition.

The Illinois weekly crop bulletin states that harvest of the 1954 corn crop is under way in this state and combining of soybeans is well along except in the northern fourth of the state. They estimate that 15% of the corn crop has been picked compared with an average of 10% in the period from 1949 to 1953. They report that all the corn is now safe from frost and most of it is sufficiently dry to crib, or will be shortly. About 80% of the beans have been combined as of this date compared with less than 85% a year ago, and an average of about 60%. Seeding of winter wheat made slow progress during the week, with about half the expected crop planted. Minnesota reports that wet, cool weather toward end of the week ending October 2nd, slowed field activity throughout most of the state. Nine-tenths of corn for grain and soybeans were matured on October 2nd, although harvesting operations have not been extensive as yet. They considered nearly all the corn sufficiently matured but the bulk is still too wet for harvest. The Nebraska weekly report points out that practically all the corn had matured by the close of last week. While frost showed up in some of the low places in northern Nebraska there was no appreciable damage to the main corn areas. Farmers are eager to harvest as early as possible. Condition of most of the winter wheat is very good, although the western two-thirds of the state lacks sufficient moisture.

According to Winnipeg advices the overseas demand for Canadian grains continues disappointing. It is reported that Germany is asking for offers of 50,000 tons of #2 red wheat for November -December shipment, and that offers will go out but if any business is consummated actual supplies will come out of CCC stocks.

There has been considerable disappointment expressed over the fact that Germany again would not buy any rye, having rejected offers for the same reason as on two previous occasions: namely, that the price was too high. However, if Germany wants to buy rye until such time as competitive offers are made by the Argentine, there are only two sources, that is, the U.S. and Canada. In the U.S. we are probably less dependent on export business than in Canada, because Chicago prices are still 20¢ lower than the support level, and the farmer still has ample time to take the government loan. There has been no large movement of rye from farm to market this season, although the feeling of some well posted grain people in the Northwest is that this movement should pick up. For the time being, however, rye is going into the loan at a more rapid rate than last year, and very shortly we should get the September 15th figures showing the total that has been impounded. This country uses domestically about 20 million bu; so unless we do a good export business, we will have a large carryover remaining at the end of the crop-year, as this year's supply is larger than any season back to 1944. From reports we have received there has been more fall rye planted than last season, although no great increase is expected.

Primary receipts of wheat today were 1,166,000 bu compared with 1,287,000 bu last week and 998,000 bushels last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 284,000 bushels.

According to The Southwestern Miller, a little more flour business is being done, but the volume is not substantial by any means. Most of the demand comes from bakers who are running out of contracts, and their replacements are extremely light. There is still a strong resistance to covering longer requirements at prevailing costs.

Beans are being traded from Minnesota loaded and to-arrive equal to the November price basis Chicago and for October-November delivery at 3¢ under the November. It is expected that combining will begin this afternoon and tomorrow in western Minnesota and tomorrow in the southern part of that state, provided weather remains favorable.

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CHICAGO, 4 Oct 7, 1954.

Moderate to heavy rainfall occurred over most of the Southwest from the Texas Panhandle to western Kansas. Amarillo reported almost 3/4 inch of rain, Garden City 1.28 inches, Goodland had about 1/2 inch, with rains very general through that area. Hutchinson reported 1/4 inch and Great Bend .81 inch. Thus relief has come to much of the drought-stricken areas.

According to a press release the Agricultural Department has stated that foreign assistance funds now can be used by other countries to buy government-owned farm commodities at reduced prices. Up to the present time nations using foreign aid funds had to pay for farm items either what it cost the Agriculture Department to buy them, or the domestic market price, whichever was lower. In accordance with this new edict these countries can buy the goods at export sales prices announced monthly by the Department in line with world levels. Restrictions on the use of foreign aid programs were dropped from the Department's October list of goods available for export at world prices on dairy products, cottonseed oil, wheat, corn, barley, and rye.

Canada has greatly improved her statistical position in oats. Last year the domestic disappearance accounted for some 356 million bu plus 70 million bu, which was exported, or a total of 426 million bu. The carryover on August 1st amounted to 123 million bu, and with a crop prospect of 340 million bu, it would give them supplies of 463 million bu. Should the disappearance be equal to last year, it would reduce their carryover at end of the season to only 37 million bu; so, therefore, our northern neighbors are almost independent of export business.

In reading a very interesting letter from a well posted authority in Zurich, he states that weather conditions in that part of Europe had been bad and extreme precipitation has caused damage to crops. Under the circumstances one might be led to believe that they would have to import large quantities of coarse grains, but this is not necessarily the case, as there is a tremendous over-production of milk in that country which cannot be absorbed. Last year Switzerland imported 443,000 tons barley, oats, corn, rye and feed wheat. This figure will probably be reduced to 370,000 tons, of which 25,000 tons will be imported through government channels from eastern countries for reasons of commercial policy. Further reason for the reduction in the need of feed grains is that a fair portion of their domestic wheat crop cannot be used as millable wheat, and practically 50,000 tons will have to be sold for feeding purposes.

U. S. wheat and flour exports last week, according to Broomhall, were approximately 2 million bu, and since July 1st exports have been 49 million bu compared with 67 million a year ago. The five principal exporting countries have shipped 116 million bu since August 1st compared with 134 million bu a year ago. It is reported that Germany bought upwards of 100,000 tons two red winter wheat for October-November, which figured about 4 ¢ over Chicago December FOB the Atlantic. We have had no details; undoubtedly most of this purchase will come from government stocks.

Primary receipts of wheat today totaled 1,145,000 bu versus 1,330,000 bu last week; and 1,170,000 bu last year. So far this week Kansas City and Minneapolis stocks of wheat show a net decrease of 460,000 bu.

We understand there was a swap of a considerable quantity of red wheat with the government taking it at the Seaboard and selling it to an elevator in Chicago. This undoubtedly increases the amount of free wheat which will be available in this market, and enhances chances for carrying charges. Flour bookings still remain small, with most of the buyers clinging to ideas of materially lower prices than prevailing costs. The current volume is about 50% of capacity with the winter wheat mills, and a smaller rate in the spring wheat territory.

Reports received from the Southwest speak very enthusiastically about the recent moisture.

Beans had a firm undertone, particularly the November future, but with favorable weather for harvesting think that further pressure will develop. Corn was also firm with some scattered buying and offerings light.

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CHICAGO, 4

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CHICAGO MERCANTILE EX.

October 8, 1954

There has been very little in the daily news to fire the imagination of a trader, or as yet to attract investment buying into the different grains. As far as wheat is concerned, it is a matter of waiting for that period when the small amount of free wheat will have a greater effect marketwise. Chicago futures have always represented a more accurate picture of supply and demand. At present both in Kansas City and in Minneapolis there are really two markets: one the futures price, the other the cash price. Despite advances in the cash prices it has failed to bring out any material selling on part of the farmer. Strong protein hard and springs are already commanding prices in line, and instances above the minimum of CCC selling levels for domestic use. Under the existing law CCC can and is offering its wheat for sale at 105% of support levels plus carrying charges, or at the prevailing market, whichever is higher. For the month of October CCC interpreted the law to indicate a selling price no less than $2.74 for #1 ordinary hard wheat in Kansas City and $2.77 for #1 ordinary spring wheat. 14% protein of choicer baking types are commanding higher levels than the CCC minimum price, and even sales of spring wheat by the government has failed to check the rising trend. As one authority points out in making purchases fromthe CCC, the miller is less able to select choice types. If the holding tendency on part of farmers still continues they either have in mind further advances in the market, or else are deterred from making sales until after the turn of the year due to tax problems. Recent moisture which came to the Southwest might tend to bring more free wheat to market on part of those that were holding back on account of the severe drought which had existed.

Attention has been called many times to the decrease in per-capita consumption of wheat. According to an article appearing in the British periodical, "Milling", they point out that even though bread is an important part of the diet, nutritionists and medical men have tended to stress what in their opinion the consumer needs, but they have ignored the equally important question of what he likes. In other words, it is possible to raise the nutritive value of food, but if this is accomplished in a manner which detracts from its attractiveness and appeal, the value of enhancing nutritive content may be lost for the reason that it will not form as large a part of the diet as is desired.

At a recent meeting at the University of Illinois of about 300 Illinois bankers there seemed to be the feeling expressed that at harvest time prices for corn in the northern three-fifths of theState would be around the $1.40 level, with a seasonal rise to the $1.50 to $1.60 level, although this could be modified by the CCC selling policies. The same group concluded that with the larger bean crop soybean prices will average lower than the 1953 crop, but the opinion expressed was that the current market would seem to be about at the harvest low, while a moderate rise in prices of oil and meal will probably make it pay to store beans. However, they do not look for any prices as high as existed from March to September of this year. The one intangible situation in corn is the amount that will be sold by those farmers who are ineligible for price support because of failure to comply with acreage allotments. However, with the fall pig crop expected to be about 14% above last year, and with a smaller crop of corn than in 1953, there is some question as to the amount of pressure that will be exerted when the crop is harvested. Undoubtedly those farmers who are eligible for support will impound heavily as prices are below the price-support level.

Primary receipts of wheat today totaled 1,375,000 bu versus 1,106,000 bu last week, and 1,530,000 bu last year. So far this week Minneapolis and Kansas City wheat stocks show a net decrease of 614,000 bu. When the visible supply figures are posted on Monday they will compare with a wheat decrease last year of 388,000 bu.

Flour business seems to still remain onthe quiet side, although bakers supplies of flour are being continually decreased. According to what we gather today there was some further swaps of wheat in other positions for CCC red wheat in Chicago. This all tends to give us a larger stock of free wheat in this market, and there is a more friendly feeling towards carrying charges. General trading was very quiet, yesterday's total volume on the Chicago Board of Trade was only about 36 million bu, which is at low ebb. It is reported that Belgium and Denmark are asking for offers on rye. On Monday afternoon we will have the government report issued as of October 1st.

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CHICAGO, 4

October 11, 1954

On Friday afternoon the government released figures showing the amount of wheat placed under the support program up to September 15th, which totaled approximately 232,764,000 bu, from which small amounts were redeemed or delivered, leaving the balance as approximately 232 million bu still under support as of Sept. 15th, or about 105 million more than reported on August 15th. This compares with 240 million bu a year ago, but when comparison is made to a crop of 962 million bu in 1954 against a crop of 1,168 million in 1953, there is a much larger percentage of the total crop put under the support program. This would leave a balance of free wheat from the present crop of 730 million bu; if we deduct 660 million for home consumption it would leave only a balance of 70 million bu.

Nevertheless, the supply of wheat for the crop-year starting July 1, 1954 remains very large -- nearly three times the amount required for domestic consumption. Hence prices will be determined largely by price support policies. According to the Agricultural Letter of the Federal Reserve Bank of Chicago, the government policies affecting the 1955 wheat crop are fairly well rounded out. In the fall referendum farmers approved extension of marketing quotas for the 1955 crop. The national allotment is approximately a 55 million-acre minimum allowed under the law. Assuming average yields production could total 850 million bu, or 12% under the amount harvested this year. Price supports on the 1955 crop have been announced at $2.06 a bu, which is equivalent to 82 1/2% of parity, the minimum authorized by law, and would compare with support of $2.25 a bu on the 1954 crop. The support level for next year's crop could be raised if parity figures should change.

To be eligible for price support on next year's crop the farmer must harvest no more than an allotted acreage, and according to "cross compliance" provisions, he must also comply with allotments on corn, cotton, tobacco, rice, and peanuts and they must not exceed his 1952-53 average acreage of commercial vegetables. At the present time no determination has been made relative to the establishment of 1955 allotments on corn. A decision may come in the very near future. If corn allotments are in effect in the commercial corn-producing areas, then the corn and wheat programs would operate as follows: If a producer in a commercial corn producing area stays within his corn allotment he can plant up to 15 acres of wheat and receive price support on his corn production. He would not, however, be eligible for price support on his wheat production, nor would the farmer be eligible for agricultural conservation program assistance. It is, however, assumed that the producer had never planted wheat before, and therefore, has no wheat allotment for 1955. In Kansas there are approximately 22 counties in the commercial corn-producing areas, and in this section the wheat producer must plant within his wheat allotment if it is larger than 15 acres, and also within his corn allotment if he desires price support on any crop for which price support is offered. In the other counties of Kansas where corn allotments would not be established, there would be no restriction on the number of acres of corn he could plant, as long as he did not plant more than 15 acres of wheat, or his wheat allotment, whichever is greater. If he stayed within his wheat allotment he would be eligible for wheat price support and also corn price support at the applicable loan rates.

Primary receipts of wheat today totaled 2,454,000 bu vs 2,306,000 bu last week, and no comparison with last year as it was a holiday. Chicago stocks of wheat showed a decrease of 144,000 bu, leaving 13,752,000 bu in this market. Wheat afloat did not change during the week. Bean stocks in this market increased 286,000 bu. When the visible supply of wheat was posted it showed a decrease of 3,217,000 bu, leaving a total of 402,778,000 bu or 87,452,000 bu more than last year.

Unexpected excessive rains occurred over the northern and central portions of the corn belt since Friday morning, further showers are predicted for central and southern portions, and probably other sections Tuesday. The excessive moisture where received stopped all harvesting operations in beans and corn picking, and it probably will be a while before operations can be resumed. The weather brought quite considerable buying into beans, and corn was also strong with the spot market in Chicago very firm. As far as wheat is concerned flour sales overnight were small in fact almost a blank. There was good inquiry for export flour, but doubt exists as to whether U. S. mills will obtain the business.

There will be a government report issued this afternoon after the close of our market.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 12, 1954

The government crop report issued yesterday afternoon was about in line with expectations, although in many quarters it had been anticipated that corn production would be forecast around 3 billion bus. Actually it was placed at 23 million bus smaller than the September 1st estimate. The over-all production of all crops is slightly higher than last month, but about 4% less than last year. Increases in production during September are estimated for cotton, soybeans, sorghum grain, while decreases took place in corn as already noted and in spring wheat and oats. Very little attention was paid to the reduction in spring wheat, as the over-all supply situation is very large. With the crop at 959 million bu and the carryover of 903 million bu, we will have total supplies starting this crop-year of 1,862 million bu. The government report on soybeans raised the yield in Illinois by 1 bu per acre, with prospects unchanged in Indiana. Minnesota, whose harvest has just about started on October 1st, reports nearly all the crop safe from serious frost damage. Indicated yield in Iowa was up 1 bu from a month ago, with approximately one-fourth of the crop harvested by October 4th. Harvesting is about average although below a year ago.

On Friday of this week, President Eisenhower will deliver a major address at Indianapolis, and it is anticipated that it will touch on the administration's farm policy and legislative achievements in the farm field. Farm prices have been on the downgrade -- they were 2% lower in September, which naturally can be explained by the increase in supplies due to the new harvest. However, as this is a political year much attention is being directed to the administration's farm policies, and also in certain quarters a demand for re-establishing of rigid support programs. One of the main factors in the slump of farm prices has been the decrease in the price of hogs, with the possible prospect of a further sell-off. The old law of supply and demand is the natural course. That theory says that prices tend to vary in the same direction as changes in demand, and in the opposite direction from changes in supply. It is estimated that marketings of hogs this fall will be 10% larger than a year ago, while demand is expected to hold steady. Those who demand more government support and government spending completely ignore the fact that the federal government cannot guarantee jobs and overlook the fact that large government operations elsewhere have always led to loss of freedom. Under a free society it is the consumer by his preference in the marketplace that determines the type and amount of goods to be produced. In England the Socialists before they came into power promised the masses their taxes would be lightened. Instead, we find that after having virtually liquidated the wealthy, the tax burden has been increasingly shifted to the lower income groups. In that country the proportion of total personal income taxes contributed by those in the income groups under 1,000 pounds per year has more than doubled since 1938, and in the long run the so-called "welfare states" are forced to soak the poor. Furthermore, deficit spending paves the way for big government, which in order to maintain itself in power tends to penalize the successful and pamper certain groups and subject industry to all forms of redtape and regulations. When power is concentrated in a centralized authority that determines the economic, social, and political powers of a nation, and then the system of checks and balances is scrapped and errors have a profound and far-reaching influence.

Primary receipts of wheat today totaled 1,515,000 bu versus 1,321,000 bu last week and 3,460,000 bu on comparable day of last year. So far this week Minneapolis and Kansas City wheat stocks show a net decrease of 177,000 bus.

There was some heavy rainfall again yesterday, and last night over quite a wide area of the corn belt, also parts of Central Oklahoma and Eastern Kansas. However, the forecast for the corn belt suggests fair weather in the northern portions with some showers in the central and southern areas, but fair by Wednesday.

There was a reaction in all grains following the strength of yesterday. Flour business remains rather quiet. From what we gather there has been about 1 1/4 million bu of wheat swapped by the CCC in Chicago for wheat in outside positions, probably one-half million bu of this is red wheat, and the balance mixed and yellow hard wheat. However, it increases the amount of free wheat in this market. Some disappointment was expressed overnight that Germany had postponed indefinitely its purchase of U. S. rye.

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CHICAGO, 4 October 13, 1954

The last government report issued pretty well determines the size of the wheat crop in the U. S., as we do not look for anything but minor changes between now and the final report in December. According to the Foreign Agricultural Service of the USDA, preliminary report places the 1954 world wheat crop at 6,870 million bu, or 5% below 1953 yields but well above the average. Most of the reduction occurred in North America where both the U. S. and Canada have considerably smaller crops than a year ago. Wheat production in Europe is estimated to be about the same as last year, with the net increase for Western Europe offsetting a reduction in other areas. The most significant increase in production was in Spain, which is 48% above a year ago, and in France where the wheat crop is estimated at a record high. The Italian crop is lower than 1953, while the U. K. is estimated only slightly above last year due to a larger acreage. However, in the latter country and a number of European areas much of the wheat is expected to be of inferior quality. African yields are anticipated to be at a record high.

According to a Press release Denmark may soon become a buyer of U. S. feedstuffs surplus as a part of the U. S. bilateral program of aid to undeveloped areas. Danish and U. S. officials are negotiating an offer from the U. S. for farm surpluses to be sold to Denmark and paid for in Danish currencies. The desire of the administration to dispose of surpluses in a similar manner now being discussed with Denmark has found some difficulties, particularly in respect to grains, as transactions at cut prices or by gift generally produce a protest from other surplus nations.

According to Broomhall it remains to be seen how these political difficulties will be overcome, but action of some sort is clearly pending. An opportunity to expand sales of wheat lies in an enforcement of the compulsory IWA purchase clause at a minimum price of $1.55 per bu, basis #1 Northern Manitoba at Fort William. This country apparently had expected to press the implementation of this clause at the last meeting of the Council but was dissuaded from so doing by importing countries who did not need the wheat, and also by exporting countries who felt that their own sales would not increase proportionately even if made at the minimum provided by the IWA agreement. For many years importers benefited under the protection of the maximum price, and in some quartersin this country it is now felt that we should receive the benefits under the protection of the minimum price, and to attempt to check the trend towards self-sufficiency in other wheat areas. Some decision is expected at the October meeting of the Wheat Council which has just opened its session in London, and the thought has been expressed that if the minimum price is not enforced the whole future of IWA will be in jeopardy. We understand the Council has before it a report by its Executive Committee on the way in which the current agreement signed on August 1, 1953 is operating, and also, some preparatory discussion of steps to be taken towards its renewal and probable revision.

The Kansas Weekly Crop Bulletin states that precipitation during the week and over the past weekend greatly improved the prospects for 1955 winter wheat. Seeding operations are continuing for all sections, with 80% of the crop already in the ground. Last week's rain covered the entire State, but there are areas in Central, Southcentral and Western Kansas where additional moisture is needed. Prospects for winter wheat pastures were greatly improved in the Western part of the State, although good growing weather is needed since the season is a little late for maximum development of wheat pastures. The Iowa Crop Bulletin states that generally heavy rainfall over the State, and the lack of drying weather during the past week held up most farm operations, especially corn and soybeans, with very little progress being made. Only a small part of the corn crop has been harvested against 20% a year ago. The soybean harvest also has made little or no progress, with about one-fourth of the crop harvested by last Monday night compared with 90% completed in 1953. The bean harvest in Minnesota due to weather conditions remains at a standstill.

Primary receipts of wheat totaled 1,393,000 bu vs 1,116,000 bu last week, and 1,272,000 bu last year. So far this week Kansas City and Minneapolis wheat stocks show a net decrease of 283,000 bu.

The mid-day corn and soy bean weather forecast suggests occasional rains in northern and central Iowa, and occasional rains in southern and central portions of Minnesota.

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CHICAGO, 4 Oct. 14, 1954.

The writer just returned from Europe. In the countries visited, food seemed to be plentiful and very much on the minds of the people. After an austerity programof many years, meat rationing was discontinued in Britain last July, and suddenly the butcher shops became laden with supplies of all kinds, and nobody could quite understand how such vast stocks had become available. In the grain offices in Liverpool and London tea was served with wafers at about 10:30 each morning, while a mid-afternoon break for tea, sandwiches, and often pastries was practically universal. All this, of course was in addition to the regular meals. The Continental breakfast consisted of merely coffee and two or three rolls. Most emphasis on the crescents and crusted rolls was devoted totaste and flavor; thus bread is a much more important item abroad than it is here. In fact, the quality was so superior that even a few Americans flying home brought some of the rolls and bread with them. In Italy the wheat crop had turned out poorly but a large carryover reserve seemed to assure ample supplies, augmented to some extent by Argentine imports. For twoyears now the durum wheats have been scarce and high in price, but they have learned to use other varieties in the manufacture of spaghetti, Macaroni, etc., with no complaints from consumers. Virtually all stores and business offices close from 1 to 4 P. M. daily, with hardly an exception. This allows considerable time for eating, and as a result larger quantities are consumed than in the U.S. The lunch break in France extends for two hours, and there also eating takes a fair percentage of the day's time.

The one country where people seem to be working long hours is Western Germany, and tremendous strides have been made in reconstruction of buildings and roads. Frankfurt, which had been heavily bombed, shows practically no signs of devastation as new structures have gone up and constant building is in process. Because of the long hours of work, stores are often open from 12 to 13 hours per day. Appetites are keen but no one seems to feel the pinch of supplies, despite the very wet summer and the short crops of wheat and rye, together with deterioration in forage crops.

Wet weather had been expected overnight and showers were reported in a good many sections of the corn and bean belts, although our weather man does not look for the additional moisture to be very heavy. Beans, however, responded and there was a good deal of local buying at the opening, and some later on, which gave us a further advance. There had been some isolated moisture in the Southwest, which was very favorable, and we note that seeding operations in Oklahoma have made fair progress during the week, producers having taken advantage of better moisture conditions, with surface soil moisture improved over many areas. Conditions in Kansas and Nebraska are reasonably favorable. In the latter state, winter wheat has made excellent progress in the east and most of the southern portions, although local areas of the Panhandle reported that topsoil has been too dry for germination.

The Department of Agriculture announced discontinuance of sales of high moisture corn taken over by CCC under the 1953 price-support operation. Emergency sales appear to be no longer necessary. During September approximately 9 million bu of this corn had been sold, principally in the mid-west. Very likely this item had some influence on the market, particularly at the start of the session.

Primary receipts of wheat today amounted to 1,150,000 bu, which was practically the same as last week, and slightly more than last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 400,000 bu.

Wheat prices were firm, and there was no particular feature except some local purchases that were made. Crop reports from Canada stress the severity of the weather, and that the final outcome will be considerably under last year, but leading buyers abroad pay so little attention to this, as they only point out that world surpluses are large, and that even Canada has a tremendous reserve stock from the year before. There was no material improvement in flour sales, except a few orders for prompt shipment were placed.

Bean prices, which had been rather strong during the early part of the session, eased toward the last. It was reported that France was asking for offerings on two cargoes,shipment by November 20th. We also talked with some soybean processors, and gathered from them that they were somewhat concerned over the fact that current supplies held were rather meager, and some companies probably only have stocks equal to 1 1/2 months' crushings. In other years stocks at the end of October were twice as great. However, the weather has been bad, but it appears that rains have come to a halt. Corn prices were rather firm,and there was no

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CHICAGO, 4 October 15, 1954

Before the war the Liverpool market afforded the best hedging means for European consumers. It was also the trading pulse of buyers. Trade was not anywhere near the size of the volume traded in Chicago, but the foreign trade of the U. K., in all commodities, both imports and exports, was greater than that of any other country. This was true exclusive of her Colonial trade, and for many years having been virtually a free trade country, it was always possible for English merchants to make purchases and accumulate such stocks that could be distributed to all parts of the world without first having been compelled to pay duty on those articles. The importance as a factor for world grain prices arose from two conditions: (1) the production in Britain was the smallest per capita of any of the European nations. Her consumption was large, and each year without exception, regardless of the size of crops in the British Isles or anywhere else, she became the largest individual importer of wheat and flour, so much so that she generally took about 40% of the world imports, including both European and non-European countries. Her imports as a distributor made her a great market factor. (2) Liverpool was virtually the only European market in which futures trading took place on an extensive scale; therefore, the whole world, outside of North America, was often compelled to use the Liverpool market for hedging purposes. Most of the large exporting countries, such as Argentina, Australia, and the Danubian countries, together with many others, preferred hedging in Liverpool futures, as prices on that market reflected more nearly world import prices without the worry of subsidies, farm policies, and the many other artificial factors which so often prevailed elsewhere.

The writer has visited the Liverpool Exchange on many occasions. During the war, their home was bombed out of existence, and a new one is now half rebuilt, but because of the shortage of supplies and other complications, it will take two or three years before operations are completed. In the meantime small quarters are being used on the upper floor of an old building, but, unfortunately, today's trade is of a rather pitiful nature. Visiting there a few weeks ago, this writer entered the temporary exchange premises about three-quarters of an hour before the market opened. Seventy-five to a hundred farmers had assembled there and stood alongside the ring selling their produce, mostly on a cash basis, but without any uniformity of price. Almost without exception those with whom verbal contact was made bewailed the fact that there was not a broader futures trade, for these producers regarded it necessary in order to obtain better prices and a more adequate knowledge of true values. Five minutes before the opening gong sounded, the floor was cleared to enable member grain traders to occupy their positions around the ring. The same gong as before the war announcing the opening of the market was sounded, but there was no noise. Brokers looked at each other and during the first forty minutes of the market session, not a single trade was made, and the blackboard, which ordinarily recorded prices, remained a complete blank. The fact that the Chicago market was higher had little influence on sentiment abroad. With subsidies more or less equalizing delivered prices, there was no reason to become excited. The Liverpool futures market is naturally based on the cheapest tenderable imported wheat, which has invariably been that of a soft variety. Traditionally, this was Plate and Australian wheat, but is now American red winter. For the past few months the price of red winters has remained almost constant. Most often quotations when they are made are at an actual discount under the American price, plus freight, because of fear that the American subsidy may be increased. However, when it comes to delivery time and tenders are made, the cash and futures invariably come together.

The main strength today was in rye futures following the advance at Winnipeg. A small quantity of rye had been sold to Denmark and possibly some was sold to Norway. A house with export connections was one of the best buyers at Winnipeg. Other grains were weak early in the session, but later recovered when the bean market turned strong. France purchased 8,500 tons soybeans via the Atlantic, shipment by November 20th. There was little news otherwise, except that a few rains had been reported in parts of the bean belt. The forecast, however, was for clearing conditions, and the weather map appears to be settling.

Demand for flour was rather slow, but even wheat recovered when other cereals gained ground, and some of the buying may have been inspired by further possible cuts in the Canadian crop. Conditions have been adverse since September 1st when the official wheat estimate was for about 378 million bu. Harvesting operations in the Prairies would indicate that actual returns may be well below those levels. Corn was quite firm on local buying and lack of pressure.

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CHICAGO, 4 · October 18, 1954

Many political discussions are again taking place. Boasts are being made on the one hand of business stability, while elsewhere there is criticism that big business has been helped too much. The fact of the matter is that the outstanding economic gains in this country are accounted for by our tremendous productivity. As an Economist points out, the American workman is far better equipped with power-driven tools than workers are in other parts of the world. Yet it involves heavy outlays. Furthermore, our great research, while carried on by small and large corporations, requires millions of dollars invested for purposes of experimentation. For example, DuPont spent $43 million over a period of eighteen years in developing the dyestuffs industry in this country before profits offset accumulated losses. Nylon required an expenditure of $27 million in a twelve-year period before the sale of the first pound could be made on a commercial basis. General Electric, in developing sinks for disposing of kitchen wastes, experimented nineteen years before the product was even shown on the market. Thus it is clear that technological projects involve great risks and actually only about one out of every twenty research undertakings is successful. However, benefits of effective research are shared by all. Moreover, the manufacture of these items means jobs, and it is estimated that one-half of those employed in this country are able to work because of the various products that were evolved in our research laboratories.

Before our market opened this morning, there were reports of fairly clear skies over most of the corn and bean belts. It is true that there had been rains in Chicago and around the southern edge of the lake, but apparently cold weather now prevails pretty generally, and some frosts are indicated during the night, but on the whole wet weather seems to be over. The first result of this situation was lower prices for beans, and in fact, some reactions all around following the short-covering which had taken place just prior to the week-end holiday. There had been a late report from Canada on Friday, indicating further losses to the Canadian wheat crop and while weather up there has been rather poor for cutting and threshing, not too much attention is paid to these factors for the reason that hardly a bushel of the 1953 crop has yet been sold, and a carryover of nearly 600 million bu assures plentiful supplies for all purposes. As one grain firm in Canada so aptly points out, this is not the first time they have had to contend with adverse weather conditions, and no doubt farmers will profit by past experience, so that in due course of time ways and means will be found to overcome some of these handicaps.

When the visible supply of wheat was posted there was a decrease of 1 1/2 million bu of which 522,000 bu represented shipments from Chicago, and about the same quantity went out of Kansas City. We still have 13.2 million bu of wheat here in elevators, plus a little over 2 million bu in boats. The visible supply of corn increased 902,000 bu to a total of 16 1/4 million bu vs only about 10 million bu last season. The oat visible was practically a standoff, and in various positions we have 24 1/2 million bu or 2 1/2 million more than a year ago. The bean visible showed a very small decrease, with 6 1/4 million bu of beans in various markets, although last year there were 11.3 million bu in the same positions. Chicago bean stocks are about 4 million bu.

Trade was not particularly active, but with the better weather there was pressure in beans, the market was lower, and never showed much recuperative power, even though wheat had a fairly good undertone. There were fair offerings of corn from the country. One of the leading industries seems a little more independent, although we did not find that country offerings were particularly cheap, although it is still early and given some good weather the farm movement may enlarge now.

Rye prices were not much changed, while oats here were fairly firm in sympathy with slightly higher prices in Winnipeg. The crop up there is of rather poor quality, and we are told that the demands from Eastern Canada are going to be substantial. One of our friends in that market feels that purchases of Winnipeg against sales here may work advantageously. There was local and commission house buying of rye in Winnipeg, which may have helped to keep our market here relatively firm.

Germany postponed its purchases of red wheat which were scheduled for tomorrow. This was said to be of an indefinite nature in export circles. There has also been temporary postponement of further French bean purchases in this country.

Clearing weather in Minnesota over the week-end permitted harvesting of beans, and we heard that country bookings were somewhat heavier.

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CHICAGO, 4 October 19, 1954

All through history big business has been the "whipping boy" despite the great contributions that have been made. In order to check monopolies and foster competition anti-trust laws have been enacted, and this form of legislation is constructive. However, it should never be forgotten that the consumers themselves by their preference decide whether a company will continue to live and grow, or on the other hand if a firm does not meet with consumer favor its business shrinks and eventually it ceases to exist. Any business that is big and growing demonstrates that it is holding the confidence of its customers and is giving satisfactory service. When prices are too high or the quality of production is inferior, the consumer quickly whittles down the company to size. Therefore, a large corporation can only maintain its position if it is alert and adapts itself to changing conditions, and serves the people efficiently. Practically all the large corporations in this country started as small business enterprises but grew under the freedom of economic opportunity and were consequently rewarded for the services they rendered. In other words, the size and standing of a company is largely determined in the marketplace.

Before our market opened this morning there had been reports of fairly good weather throughout the corn and bean belts. Temperatures were rather cool, with some frost reported, but hardly any precipitation, although some showers are looked for toward the end of the week but are likely to be scattered.

In yesterday's trade there had been considerable backspreading by way of wheat purchases against sales of beans. This apparently placed the market in a somewhat healthier technical position. As far as wheat is concerned, there is really nothing new in the statistical picture or in the demand. There does, however, seem to be a better sentiment, not due to any specific news, but rather more attention is being given to the loan features and the possibility of heavy impoundings before the end of the crop-year. July wheat has been gaining ground on the more nearby deliveries, and in fact, set a season's high this morning. The acreage next season is going to be considerably smaller and there are the usual crop hazards still ahead.

No moisture of consequence is being forecast for the Southwest and there is somehope that our surplus problem will gradually improve, although this is a slow process as we are apt to have a wheat carryover of a billion bu or more on July 1st. The export outlets are still limited and will depend to a great extent on government programs and our ability to give surplus supplies away to needy countries.

Late yesterday President Eisenhower ordered barley imports limited to 27.5 million bu from last October 1st to end of next September. This was a slight modification of recommendations by the Tariff Commission. Normally imports amount to about 38 million bu. Action was taken as a result of the recent unanimous report on barley by the Tariff Commission. Restrictions may be placed on imports whenever it is felt that they either interfere or threaten to interfere with domestic price supports or marketing programs. The quantity imposed should not seriously interfere with the ordinary business relationships between Canada and the U. S., and we doubt whether this had much market influence.

Primary receipts of wheat today amounted to 1,303,000 bu compared to 1 1/2 million bu last week and about the same last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 285,000 bu. Here in Chicago contract stocks of wheat in deliverable positions amounted to 7.2 million bu, which was a small reduction from the week before. They include 2.7 million bu of #1 and #2 red wheat in store, while there is about 2 million bu of wheat afloat which is mostly red.

As we mentioned before, there is a little better sentiment in the wheat market, and while trade today was of rather small proportions there was some local buying which gave us a higher close, also a little flour business.

In beans, there was some talk of exports, and France was reported to have purchased 400,000 bu for shipment by November 20th, with Formosa and other countries inquiring. This undoubtedly was responsible for the early upturn following yesterday's liquidation, but advances did not hold.

Corn prices were somewhat lower and premiums also sagged as corn handlers seemed quite satisfied with the amount of corn offered from the country. In fact, they consider it quite liberal and in excess of their sales. It was reported that the U K had bought a few parcels, but apparently nothing of any consequence.

Oats were also fractionally lower, there did not appear to be any volume of trade, but it is generally recognized that this year's crop is a very large one.

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CHICAGO, 4 October 20, 1954

In many of our market letters we have stated, and probably reiterated, the importance of Britain as a large consumptive market, taking each year about 40% of world wheat imports, including both European and non-European countries. Traditionally, the U. K. has been an industrial country, paying little attention to agriculture, but being an island and seldom having over a month's food supply on hand, it was always important for her to have a large Navy and adequate shipping facilities for her trade and commerce. At the present time the dockstrikes which are occurring are seriously handicapping the unloading of grain, as well as exports of many articles that are ordinarily shipped to other countries. Insofar as wheat is concerned, we have not heard of any great hardships up to this time.

It should be bornein mind that wheat production in England and Wales is calculated to be even larger than in 1953, despite adverse weather. They had a very wet and cool summer, but somehow or other the crop came through in pretty good shape and is said to be about 65% larger than the prewar average (1935-39). Farmers have been expanding their plantings year after year under government assistance, and while new lands have been opened, it is also a fact that yields have improved, – plus the fact that high prices and dollar shortage stimulated more intensive cultivation and heavier plantings. For those reasons we find that the recent imports of wheat into Britain had been smaller than before the war. For example, in the crop-year 1938-39, Britain imported 222 million bu wheat and flour. The year before the quantity of imports was somewhat smaller but, generally speaking, that was a fair average for the period, and thus England was one of the best customers for surplus grain. In recent years British imports have declined considerably. We do not yet have the final figure for last year, but for the 1952-53 crop season, wheat and flour imports totaled only 170 million bu, and in recent years the takings have run as low as 161 million bu, which is quite indicative that with heavier domestic production Britain is now a less important factor in buying of wheat and flour than was formerly the case. We note that the average crop production before the war, in the years 1935-39, amounted to 62 million bu, while this year England's wheat crop is estimated to be 104 million bu, while postwar production in the years 1945-49 averaged only 77 million bu.

Before our market opened this morning there was not much to guide us. A few rains had occurred in the Kansas City area, also in eastern Iowa and eastern Nebraska. Our own weatherman does not look for precipitation of any consequence,– although the official prediction is for a few scattered showers Northwest, and we believe it was on the latter factor that early gains were registered in beans. Reports told of a few parcels of corn sold to the U. K.,while Norway bought a parcel of red winter wheat. Otherwise there was very little in export circles.

CCC sales of corn during the week ended October 8th totaled nearly 2 1/2 million bu, of which 100,000 bu was for export, the balance represented corn either for the domestic market or that which was regarded as no longer suitable for storage.

Primary receipts of wheat were smaller and amounted to only 851,000 bu compared with 1,383,000 bu last week, and 1,095,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 558,000 bu.

The soybean market was firm right from the start; higher prices for meal and oil apparently caused some covering on part of the local trade. We note that the open interest is 120 million bu, which is very large. Some of it no doubt represents spreading transactions, but assuming that there are only a fair number of hedges in the market, it also shows a considerable variance of opinion.

Flour business was somewhat better overnight, and while the demand is not particularly keen, there were some hedges lifted, but even so, the wheat market which had advanced for several days showed some signs of reaction, and the close was fractionally lower.

There was weakness in Winnipeg rye futures, which had quite a little influence here. Our market ran into stops, and rye was about the weakest cereal on the list.

Exports of soybeans during August were given as 738,000 bu, which was less than a year ago and for the entire season, exports were nearly 39 million bu compared with 30.5 million last season.

Corn prices ruled very firm.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Oct. 21, 1954.

As we draw nearer to the election, we continue to hear in some quarters that "big" business is inherently bad as it drives out smaller concerns, stifles competition, and is a threat to our economic foundation in that it paves the way for Socialism. The Brookings Institute has found that the share of national income received by small and medium-sized firms increased from 1929 to 1948, whereas the large groups decreased. As a matter of fact, the American industrial and technological methods have no doubt been the most creative and most powerful force in the world. It was largely due to these factors that two World Wars were won by the Allied forces, and even at the present time freedom-loving people everywhere depend on our progress as the principal bulwark against Communist aggression. Were it not for the research facilities made possible by large corporations, we would not have the low unit costs, which have provided the majority of people with the things that otherwise might be beyond their reach. The record speaks for itself. In this country there are 45 million automobiles, 46 million radio sets, 28 million televion sets, 44 million telephones, 40 million refrigerators, etc. In other words, large-scale production has made it possible for all groups to share in the wonders of our age.

Before our market opened this morning weather reports were regarded as highly satisfactory, although there are still some sections of the Southwest where moisture is needed for germination of the crop, to get it off to a good start. The rains which had been forecast officially in the Northwest failed to materialize; thus we hear that harvesting of beans will continue following a spell of bad weather last week. On the other hand, there is no pressure on the market, and in talking with some downstate processors we were advised that there are hardly any beans in Illinois being offered for sale, and as a result industries are not building up any large stocks. In Iowa a large percentage of the beans are apparently going into the loan, despite the fact that market prices are considerably higher. Moisture content seems to be low enough so that there is no danger on that score. We were also advised through a Minneapolis source that most of the receipts in that market today were sold to-arrive, and merchandisers from all over the country are attempting to buy some cash beans up there, but apparently not getting much. They also feel that a very large percentage of the beans will be stored and not sold.

As far as wheat is concerned, it is difficult to say anything very constructive except that artificial factors may create a tight situation later on. July wheat is selling about 30¢ under the probable loan of next summer. While the carryover reserve at end of this crop-year may be the largest ever, it also seems likely that the bulk of the wheat will be impounded and that supplies on the free market will be small. Therefore, anything that happens to the new crop will be felt very keenly. Acreage we know is going to be smaller due to government action, and crop hazards are still before us; consequently, we feel that any adverse news might have more than the usual influence on prices.

Primary receipts of wheat were again fairly light at 876,000 bu compared with 1,150,000 bu last week and 1,264,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 851,000 bu.

Broomhall reports wheat and flour exports during the past week at 3 1/2 million bu; total for the season 54 1/2 million, which is a reduction of 20 million bu from shipments a year ago.

The corn market turned rather firm. Offerings from the country were not heavy, and the Department of Agriculture, in discussing the feed situation pointed out that 725 million bu corn from a carryover of 900 million bu (estimated) was under loan or purchase agreement owned by CCC. They forecast that the 1955 corn reserve will be cut by 175 million bu, and that most of the reduction will be in stocks under government control, as there must be a minimum amount in the free supply. Moreover, farmers will undoubtedly impound less this season owing to the smaller crop and the fact that some producers did not remain within their allotments. All this suggests a rather close adjustment with respect to stocks of free corn. Bean prices were quite strong and there was further short-covering for the reasons stated above. The wheat market was also firm although milling demand tapered off slightly.

Foreign advices spoke of more favorable weather in Europe and that plowing and seeding was late in many countries and might tend to restrict acreage.

Rye recovered some of its yesterday's losses on buying by Northwest interests.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4 October 22, 1954

For several years Turkey has been an exporter of wheat but apparently bad weather this season has resulted in a poor crop, and the tables have turned to such an extent that they will revert to their former position of importing. It is rather difficult to fully comprehend what is taking place in that country. When the writer was in Italy a few weeks ago, several of the grain houses were negotiating with Turkish interests for the purchase of wheat. According to Broomhall's figures yesterday there had been shipments of wheat made from Turkey as recently as last week. All of a sudden they came out with an announcement that they had only a small amount of food supplies on hand, and it is now disclosed that the Minister of Agriculture is leaving for the U. S. to negotiate with our officials for a loan of grain seed to help tide Turkey over a poor crop-year. Informed sources are of the opinion that Turkey wants to buy 150,000 tons grain under the U. S. Economic Aid Program. There are so many trades being made in Europe today in order to accomplish barter deals that very often grain is sold when there is no surplus, or it is bought when there is no actual necessity simply for the reason of an acquiring or selling other goods in order to conserve domestic currencies. This further complicates international trade, and in fact, many of the barter schemes have made it more difficult for us to sell our surplus stocks. The Turkish crop is said to be 50 to 60% smaller than the 1953 production; therefore, we may hear of some business to that country in the months ahead.

Clear weather prevailed over practically the entire grain belt, although Springfield, Missouri, reported a good rain, and there was a showery condition in Southeastern Kansas. There is yet no indication of additional moisture in the Southwest, and until we have more relief, chances are that some apprehension will be felt before winter wheat hibernates. The clear skies are favorable for gathering of corn and beans, but still the farmer is not in a selling mood to the extent that one might imagine considering the size of the crops. The yield of corn might be regarded as large, based on old standards, but now that domestic consumption is in the neighborhood of 3.1 billion bu, and our population is eating meat on such a heavy scale, we shall probably make some inroads on our accumulated supplies. Total utilization this season is expected to be a little larger than last year, despite smaller production. There has been a substantial increase in hog production, although the Department of Agriculture believes that livestock will draw heavily on oats, barley, and grain sorghums, but still some increase in the utilization of corn appears likely. Furthermore, our corn exports may be a little larger than the 95 million bu that was shipped during the past season. During the 1953-54 crop-year, CCC sold nearly 200 million bu from its stock. This was largely 1948-49 corn in danger of deterioration. This year Commodity has a smaller amount of old corn in danger of spoiling, which means that less may be distributed at prices below the support level.

Primary receipts of wheat today were again light, and amounted to only 728,000 bu compared with 1,247,000 bu last week, and 1,390,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1.1 million bu. When the visible supply of wheat is posted next Monday it will compare with a decrease last year of 358,000 bu.

Trade was only moderate, but there was a very firm undertone to the wheat market. There was no particular news, although in the last few days there has been some buying of futures by exporters, but we have not been able to discover exactly what type of business is passing. The corn market was slightly reactionary, and spot corn was from 3 to 4 1/2¢ over for discount purposes, depending on moisture. One elevator concern told us that their purchases in the country had been reasonably good, but on the other hand there was not too much pressure on the futures market. Beans were weak following the recent covering movement, and a northwestern elevator concern was a prominent seller of the January future today, which we believe contributed to the decline.

We did not hear of any further export business in beans; in fact, the only reports from the East were that some small parcels of corn had been sold to the U.K.

Good weather continues in Canada after a poor summer, and harvesting is now progressing well in practically all areas. For the first time this season marketings of both wheat and coarse grains exceeded the similar day of a year ago-nearly 5 million bu grain came forward.

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CHICAGO, 4 October 25, 1954

A few light rains were reported as having fallen over various parts of the country, and the weather map is turning rather unsettled, so that the present forecasts are for rain and snow over most sections of the grain belt, the snows probably occurring mainly in western parts of the Southwest. Had it not been for some flour business that occurred overnight our wheat market might have responded a little more to improved weather conditions, but some hedges were covered right after the opening bell. General sentiment in corn and in beans had been bearish on Friday on the possibility of good weather enabling farmers to harvest their crops, and by the same token it was figured that there might be additional pressure. However, despite some selling of corn and beans by the country there was also fairly good absorption and markets were relatively firm on short-covering by those who had sold on Friday. There was another factor in beans that caused comment and attention. Several officials of the Central Soya Company, Inc. cautioned on excessive exports from the 1954 bean crop and claimed that this was the most crucial problem now facing the industry. (The government forecasts that exports in the current season will run 50 million bu.) They went on to say that if shipments were anything like the rumored figures, domestic processing would be lower than the four-year low that was established last season. The Federal Government has estimated that about 40 million bu was shipped from this country in the season just closed. At that time — we had a total crop of 262 million bu, while the 1954 harvest is estimated at 331 million bu. In any case shorts became a little apprehensive, while there was some investment buying on the cautioning by this concern that there might not be enough soybeans to take care of domestic processing needs.

It was reported that a few parcels of corn had been taken by the U. K., but we believe that other factors were probably of greater importance. Reliable government officials said that the $100 million Aid Program for Pakistan did not include any grain shipments to that nation. Agricultural commodities that would be affected would consist mainly of fats and oils, but probably some tobacco and cotton. There are some uncertainties still surrounding the Foreign Aid Programs affecting surplus agricultural commodities. The Department in Washington seems unwilling to publish a list of items that are available for export, which in short means that exporters will have to work somewhat in the dark with foreign nations, at least for the time being. By the same token FOA will also be bound by the policy of uncertainty, not knowing which commodities will be financed for export.

The government issued a figure showing the corn carryover on October 1st at a new high of 918 million bu. This is nearly one-fifth larger than the 769 million bu in storage in all positions a year ago. It also tops the previous recorded high in 1950 by some 73 million bu. Wheat stocks were almost 1.7 billion bu in all positions on October 1st and 9% larger than a year ago, which was the previous record for that date. The present supply is nearly 50% larger than average. Stocks are big enough to meet domestic needs for another two years, but, of course, artificial factors offset much of the statistical bearishness.

Chicago wheat stocks decreased 261,000 bu, leaving 13 million bu here in elevators, in addition to 2 million bu afloat in boats. The local corn stock increased 533,000 bu to a total of 5 million bu. Not much change in oats nor rye. Beans showed a decrease of 106,000 bu.

The visible supply of wheat decreased 2.2 million bu, leaving 399 million bu in all positions, or 86 million more than last season. The corn visible increased 689,000 bu, which gives us a total stock of nearly 17 million bu vs. 14 million last year. There was no important change in oats. Beans increased 217,000 bu to a total of 6.4 million. This compares with nearly 13 million bu in the various markets a year ago.

Trade was of only moderate proportions, and as aforementioned, wheat prices were rather firm, with probably a small amount of commercial business, but also some local buying. Beans were strong on the fear of large exports, but with the crop and carryover this season 60 million bu greater than last year, it seems to us far-fetched to become apprehensive at this time. While some elevators reported fairly heavy country offerings of corn, cash markets and premiums were of such nature as to encourage buying, and the close showed gains over last Friday.

We had a late report that offerings were going out to Formosa tonight on 18,000 tons soybeans. Flour business over the week-end was small. Rye was higher in sympathy with Winnipeg.

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CHICAGO, 4

October 26, 1954

When we look at the stocks of various grains that were on hand as of October 1st, the picture is certainly bearish from a statistical point of view. As we pointed out recently, wheat stocks in all positions, including amounts held by Commodity Credit Corporation,totaled 1,682 million bu compared with 1,541 million bu last year and 1,347 million bu two years ago. The amount of rye was also larger, and stocks held on farms and terminals, interior mills, elevators, etc. amounted to 32.5 million bu vs. 20.6 million bu last season and 13 million bu two years ago. Feed grains were also abundant, although despite a record carryover reserve in corn, the total supply on October 1st amounted to 3,868 million bu, while a year ago 3,945 million bu was held. This was offset by the larger quantities of oats and barley, as the oat stock totaled 1,305 million bu against 1,071 million bu last season, while the total barley supply on 1st of October was 354 million bu vs. 235.6 million bu last year.However, artificial factors are for the time being at least outweighing much of the statistical data. In the case of wheat virtually the entire carryover reserve was in government hands, leaving only minor amounts for the free market. There are some in the trade who believe that impoundings from the current season will be nearly as large as last year. We have our doubts on that score, but yet should not be surprised that even with the probable reserve next July of about a billion bushels,if the bulk of the wheat would again be in government hands.

As for corn, there was only 175 million bu free corn in the reserve stock on October 1st, and this is just about a minimum working figure, taking the country as a whole, and realizing our large feeding capacity. In view of the fact that we consume and export over 3.1 billion bu corn at the present time, we just about raised enough, plus the amount of old corn in free hands, tot ake care of our requirements during the next twelve months without allowing for any carryover of free stocks. It is, therefore, apparent that whether the government intends to sell much of its corn, there will at least have to be some quantities released, although they may be restrained in doing so at below support levels. This apparently is the foundation for a bull market later on, although for the time being there is certainly no shortage anywhere.

It was reported early that Formosa had taken 9,000 tons soybeans for November shipment but had postponed a similar quantity they had anticipated buying owing to high prices. Portugal bought a cargo of red wheat and the U. K. bought some small parcels of corn but elsewhere in export circles trade was quiet. We understood from Canada that some flax had been sold overnight to Japan.

During the week there was a slight improvement in the corn-hog ratio. It now stands at 12.0%, a week ago it was 11.5, although a year ago the ratio was much better: namely, 14.9%.

Broomhall has reported that the outlook for wheat in the Southern Hemisphere has deteriorated to some extent. An early frost visited sections of Argentina, and consequently lowered the prospect for the next crop, which previously had been good. In Australia weather was unfavorable due to dryness of soil, particularly in some of the larger producing sections. No official figures have been released but it is thought that Argentina is holding a fair quantity of wheat for a reserve, while in Australia wheat stocks are of record size for this time of year, and the heavy carryover will no doubt minimize the effects of a reduced outturn, insofar as exports are concerned.

The Government Weekly Grain Report states that the harvesting of corn had advanced to mostly near completion in the Southern Plains and as far north as Tennessee, well along in the Ohio Valley, and becoming active in the northern portion of the main corn belt as corn and fields dry. They estimate that 25% of the corn is now harvested in Iowa, which is average, but much less than 80% harvested at this time last year. About 60% has been harvested in Illinois, mostly in the southern two-thirds.

Considerable rainfall has occurred over the Southwest, especially central and eastern sections of Kansas and Nebraska, and also some rains over Iowa, Illinois, Indiana, and Missouri. Showers are probable in the corn belt for tonight and Wednesday. This undoubtedly will retard harvesting. Milling demand remains limited, with an absence of forward bookings.

Soybeans were very strong, with apparently very little pressure upon the market, and at one time the November bean futures were up the daily permissible limit. However, there was profit-taking and best prices were not maintained. Corn

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CHICAGO, 4 Oct. 27, 1954

The farm production expenses are slightly lower this year than they were in 1953, and there is the further prospect that in 1955 there will be a further slight decline. Nevertheless, farm production expenses will be more than three times as high in 1955 as they were in 1940. In the former period farmers paid out about only $6 billion each year for various and sundry expenses, but this figure rose to a peak in 1952 of $23 billion. There are, of course, three major reasons for this vast increase. The first is that general price level has gone up; secondly the farm output has expanded, but probably of greatest importance is the fact that farmers have become more dependent upon industrial production in their farming operations. Had it not been for the last item, we probably would not have had the tremendous production and the increased yields per acre, but in any event it should be borne in mind that during the past 25 years expenses of farm production have accounted for a fairly good percentage of realized gross income.

As we have pointed out on previous occasions the Government has kept figures on gross farm income since 1910. At that time farmers took in only $7.3 billion from the sale of their crops, including everything that they raised. Their production expenses amounted to only $3.5 billion, so that the realized net income from all agricultural products was about $3.8 billion. Since that time there has never been a year when the farmer was not in the black. Even in the depression years of 1931-33 they netted in the neighborhood of $2 billion, and now are netting $12 1/2 billion, which of course is much greater, except that we have to take inflation into the reckoning.

The overnight weather was somewhat improved, the rains had not been extensive, although there was some precipitation east of the Mississippi River, and some rain was reported in souther Minnesota, but Iowa apparently had been clear. The forecastis also quite promising, and probably for that reason the soybean market opened lower afteryesterday's sharp advance.

There are all kinds of stories being circulated as to what our bean exports may amount to in the current season. Some figures have run as high as 100 million bu, but which seems fantastic. Government agencies closest to the foreign situation have regarded 50 million bu as probably a top figure. This total depends to some extent on the availability of Manchurian soys. It seems possible that Japan may take as much as 20 million bu from us in order that she may become a net exporter of soybean products. As in the case of other foreign countries, Japan prefers Manchurian soybeans because of their relative freedom from foreign material. On the basis of best Washington opinions, the Soviet may oblige, and to such extent Japan's requirements from the U.S. would be reduced. Formosa will very likely take up to 5 million bu if they can get them on a free basis through the Foreign Operations Administration. Canada, a regular importer, is listed for about 5 million bu, and Europe for 20 million bu, assuming, of course that price is attractive and Manchurian beans are unavailable. It would be to our advantage not to ship more than this quantity in order to build up protein feeds which at times have shown a shortage in this country. The trade has long dreamed of a carryover to help stabilize conditions, although from point of view of the farmer, it has always been to his advantage that the carryover reserve at the end of the season has been relatively small.

Primary receipts of wheat today totaled 853,000 bu compared with 831,000 bu last week, and 1,084,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 392,000 bu.

The market really gave a fairly good account of itself. We understand that a fair amount of beans are likely to leave Chicago for Canada, with one steamer loading here today and another one probably starting to load tomorrow. However, Manchuria was said to have sold a cargo of beans to Italy, and we understand that theprice was $12 per ton below yesterday's New York quotation.This may have been responsible for some profit-taking. Rye was strong, and there were reports that Germany had asked for offerson Friday for the purchase of 25,000 tons, but it is not yet determined whether this will be U. S., Canadian, or Russian origin.

The carrying charge in wheat narrowed further, but there is still 2 1/2 million bu of #1 and #2 red wheat here in Chicago in elevators, and about 2 million bu afloat, mostly red wheat.Thus there could be good tenders on contract. The wheat market was strong, and there was commercial buying possibly some hedges against thebusiness to Portugal yesterday.

Offerings of corn are not heavy, although some buyers here reported fair amounts purchased but others claim practically nothing overnight.

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CHICAGO, 4 October 28, 1954

During the war our domestic wheat consumption was very large for the reason that wheat was subsidized for alcohol and for feed. In more recent years everything has changed, and in looking at the official data we find that the quantities needed for our domestic uses, including food, feed, and seed, have changed very little in the past five years except that where acreages were cut smaller quantities were sown. A figure of about 660 million bu is now currently rated for home useage and on that basis we shall probably have the largest carryover in the history of the country on July 1, 1955. The figure may be somewhat smaller than the billion-bushel estimate if our exports are expanded. Some now believe that we may ship more than 216 million bu, which was the export figure last season, owing to the fact that greater efforts are being made to get our surplus goods into foreign channels through a barter system.

Just yesterday, Secretary Benson commented on this phase of operations, pointing out that there was a list of strategic and critical materials that we might take from some of the nations which have need for our agricultural products. Assuming that this may occur we would still have to figure on a minimum reserve stock at end of this crop-year of about 950 million bu. However, that may be the high figure for a long time to come. The seeded acreage for the 1955 crop will probably be reduced to 55 million acres, approximating the national allotment. If we assume that an average crop of 15.4 bu per seeded acreage is realized, it would give us total production next summer of 850 million bu. It is, of course, very early to make a prediction, particularly as some areas have not had as much moisture as desired, but we are using the average yield for the years 1943-52, mindful that crop prospects in the Southern Great Plains area are probably less favorable at this date than usual. It is quite likely that a crop of 850 million bu will fall short of our domestic disappearance plus exports next season. Shipments might run as high as 250 million bu, which together with our domestic consumption of 660 million bu, would mean a total disappearance of 910 million bu, or perhaps 60 million bu in excess of what we raise. Thus there is some daylight ahead, and by July 1, 1956, we shall probably be dealing with smaller carryover figures.

The national average support level for the 1955 wheat crop will not be less than $2.06 per bu. This is 82 1/2% of the August parity price for wheat. The loan program started in 1938 with an average loan rate of 59¢, which was based on 52% of parity. It will be observed that loan rates have climbed steadily over the years. Wheat prices have averaged around or near the effective loan level for the season except for two years; therefore, its implication should not be minimized.

Before our market opened we had the crushing report from the Census Bureau, and processing figures were quite a little smaller than last season, but by the same token soybean stocks were considerably less. Not too much attention was paid to these disclosures.

There has been some conjecture that CCC might buy some red wheat in Chicago on swaps for other classes of wheat in different positions, but we are quite confident that this will not be the case, although no one can ever be entirely certain. It would seem much more likely to us that the Government Agency would take grain at the seaboard that could be used more advantageously for shipment abroad, and that Chicago stocks would accordingly be left intact.

Primary receipts of wheat today amounted to 1,167,000 bu compared with 876,000 bu last week, and 1,588,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 749,000 bu.

There was a great deal of activity in beans, and while the weather was almost perfect there seemed to be an extremely firm undertone, as there was commercial buying, and this was particularly true of the November future. As the market advanced, some stop-loss orders were uncovered and there was also buying by professionals, so it was rather difficult to foresee for what reasons the various trades were made. In any event, sentiment ruled rather bullish. There was a reactionary tendency in wheat, although not much pressure. The market has had a sharp advance, and there was not near the amount of commercial buying today that we had during recent sessions. Overnight flour business was much the same as lately, but on the whole rather dull. Corn was subjected to a little selling, probably hedges coming into the pit, and the cash market was a little weaker. One of the buyers here in Chicago was reported as having stepped out of the cash market. Rye also reacted a little; there was no important feature except that the market acted tired.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Oct 29, 1954.

Secretary Benson is a strong believer in education and agricultural research, and thinks that the money which government has spent over the years for these items has paid many times over. He himself a student and a farmer has talked with farm scientists, college deans, farm leaders, and ranchers, and is convinced that there is more opportunity in farming today than at any time in history. He points out that hybrid corn alone has put more extra dollars in farm pockets than all of the farm subsidies in the past twenty years. He also states that we now have the broadest authority in government history to dispose of our surplus commodities abroad, and apparently he is working on programs of this kind in order to reduce our surpluses by putting food into stomachs instead of storage. He belittles some of the farm programs of the past, pointing out that in the last two years of the previous administration, the party ratio had dropped 19 points. He also stated that despite efforts of government leaders, who were sure that government laws could cure most farm problems, we had this tremendous fall in farm prices. When we had a similar situation in the past, he claimed it took two wars during the last ten years to bail us out. It was a difficult problem he faced when he became Secretary of Agriculture with surpluses rising, farm prices falling, and excess government controls. Now he claims we have a prosperity without war, and that 1954 will be the most prosperous peacetime year in American history.

Just before our market opened there were advices from New York telling of some export business in rye. It seems that Germany purchased a total of 50,000 tons, or about 1 1/2 million bu, but the various participants were Canada, the U.S., Russia, and Sweden, and this may have been somewhat disappointing as the business had been advertised for such a long time, and it had been considered possible that larger quantities might have been involved. Canadian prices reacted rather sharply, despite some covering of hedges and this influenced our market. There was considerable buying of wheat futures here by a leading commission house and with country offerings of beans very light that market moved up sharply during the early minutes of trade.

Weather had been extremely favorable --hardly any rains of importance were reported anywhere, and the forecast is for more wintry temperatures with the thermometer likely to reach a level of 6 to 8 degress below normal during the next five days, but generally clear skies.

Reports we had indicated that the British dock strike might be settled over the week-end and likewise the U. K. was showing a greater interest in Canadian barley. The U. K. also purchased a million bu wheat from Australia. Broomhall reported satisfactory progress of the Argentine wheat crop following a long period of inadequate rainfall and two spells when temperatures fell below the freezing point. Acreage is probably the same as last year when 220 million bu was harvested. It looks as though the carryover at the end of the season will be about 40 million bu.

Our government gives a general type of service which comments on planting conditions in various states: namely, Nebraska good to excellent, planting completed in Kansas and well advanced in Oklahoma. Conditions in Texas poor to good, Missouri all planted, and generally speaking there are no adverse comments for other districts.

Primary receipts of wheat amounted today to 1,123,000 bu compared with 728,000 bu last week, and 1,290,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 802,000 bu. When the visible supply of wheat is posted on Monday it will compare with a shrinkage last season of 2.2 million bu.

Trade was quite active in beans, and while there were some reactions, there seemed to be buying by various interests, including some possibly for an elevator interest. In any case, there were no heavy tenders made on November contracts, and the nearby future seemed to be gaining some ground on later months. There was not much activity in flour trade, and bookings generally were small -- according to The Northwestern Miller well below 25% of mill capacity. However, wheat price were influenced by the general lack of pressure, and December wheat continues strong with apparently some concentrated holdings on the theory that there may be a better demand for red wheat during the next 30 days. Hedges were placed in corn, but despite these sales the market was quite firm. Rye was very weak and Winnipeg prices receded more than we did.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

November 1, 1954

Last week the 32nd Annual Agricultural Outlook Conference was held in Washington. Once each year the Department of Agriculture invites economists from colleges and business firms to a conference, at which the Department specialists lay out their analysis of the current situation and probable trends in the year ahead. The general projection for next year was for an economic situation at least as good as this year, and perhaps somewhat better. Consumer income appears likely to be maintained and could increase to some extent. Consumers probably will continue to spend about 25% of their disposable incomes for food, and, therefore, if their income is as much or larger last year than it was this year, their total expenditures for farm products will probably show very little change. Foreign demand for our agricultural commodities is very hopeful, and officials in the Department expect a 10% increase, possibly somewhat more, if the surplus disposal programs are successful. Our export shipments during the past year were slightly larger than the postwar low of $2.8 billion in 1952-53, and the up-trend is expected to be maintained and accelerated in the year ahead. Strangely enough, crop production is expected to be about as large as this year even though acreage allotments may reduce output of wheat and cotton. The price prospect, according to this gathering, is expected to average a little higher for corn, and about at present levels for wheat through the 1954-55 crop-year. Beyond 1955, there were some discussions but many uncertainties owing to the fact that opinions were largely expressions of judgment as to how our general economic problems might succeed.

After the close of the market on Friday parity prices were published and there were some declines, with corn and wheat 1¢ lower than for September and the index had receded about 4 points, or nearly 2%, during the month, led by a seasonal decline in hog prices, and a sharper than usual drop in citrus prices. There were lower prices also for potatoes, corn, and cattle, but this was offset by sharper increases than usual in milk and commercial vegetable prices. Not too much attention is paid to the lower wheat parity figure, as a minimum loan level has already been announced for next season, and if parity prices next June should be higher the loan level for 1955 would be increased, but in no case may it decline.

Weather had turned rather wintry with snow flurries reported over many of the corn states. This together with the light offerings of beans gave us a stronger market. However, the American Soybean Association states that Washington officials still feel that there will be a temporary dip in the market when harvest is finally completed, and the crop is moving in volume. While they expect advances during the season, they are not looking for the spectatular rise of last year, and some Washington officials doubt that the grower will see $3 at the farm this season.

During the first quarter of the crop-year rye disappearance was 9.1 million bu vs. 7.8 million last season. The increase was in the quantity fed since commercial disappearance was about the same as a year ago. The disappearance of oats was small and totaled 438 million bu during the quarter vs. 420 million bu for the same months a year earlier. FOA made available funds for a gift of 120,000 tons wheat to Yugoslavia. It seems most likely that either soft red or soft white wheat will be shipped but it is also expected that it will all be taken out of government surplus stocks.

The visible supply of wheat showed a good decrease of 4.1 million bu. Total stocks are 394.8 million bu compared with 310.8 million bu last year. Corn stocks decreased nearly a million bu and we have a slightly smaller quantity in all markets than a year ago. Oats decreased a million bu to 23.3 million but there is still 2 1/2 million more in various positions than last season. Beans showed a small increase of 343,000 bu; total stocks 6.7 million bu are 8.2 million bu smaller than last year. Chicago wheat stocks were reduced to 12.7 million bu, but there is still 2 million bu afloat, mostly red, and nobody can be sure whether the latter may be placed into elevators for delivery, which makes the December future a very uncertain quantity.

Beans were very strong early, possibly influenced by the carryover reserve, which was given late Friday, and showed only a little more than a million bu compared with 10 million bu last season. There were some reactions, however, and as the market got close to the $3 mark, there was also a tendency on part of some traders to even up. Corn was strong on both local and commission-house buying with stops uncovered, but the market failed to maintain best levels. Wheat was influenced by some reports of dust blowing in the Texas Panhandle although snows were falling in Manhattan and Topeka, Kansas. Bakery flour business over the week and was extremely light.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Nov. 3, 1954.

The recent sharp advance at Liverpool, particularly for the nearby position is not regarded as a very important factor owing to the fact that for the past several weeks spot supplies were short, but this was largely due to the dock strikes and we heard that in some cases where ships were unable to unload a few liners had taken wheat back across the North Atlantic. With the impending closing of the St. Lawrence navigation it made the situation no easier. One of our friends advises from Liverpool that nothing important emerged from the IWA Council meeting in London. Significantly enough, Italy rejoined but this factor by itself was offset by the very small minimum quantity for which she has subscribed. The American Surplus Disposal Program has been helped to some extent by a gift to Czechoslovakia, and apparently it has required the taking of some wheat from here to make good the Turkish crop failure.

Election returns are still coming in and willbe variously interpreted by both parties. It seems, however, that Mr.Benson's program has not met with any great disfavor in the farm states. Some may claim that a Democratic victory in Illinois tends toward the belief that the downstaters are not entirely satisfied with new policies, and the fact that they are asked to give up rigid supports. However, neighboring states make it abundantly evident that producers are realistic. In Kansas this is fairly well disclosed. More wheat is raised in that state in some years than is grown in Argentina or Australia, and very often Kansas produces a large percentage of our domestic consumption.

Bookings of corn were rather light over the holiday, particularly those by rail, while the barge bookings were somewhat more moderate. Even in the Northwest, where there was some improvement in the weather there was very little pressure, and we note from the Minnesota weekly crop report that about 20% of the soybean crop was combined during the week, for a total of 70% harvested to-date. Farmers had slowed down field work and in some areas especially where soils were heavier the land was too soft to support machinery. There is some danger of spoilage in this year's corn already picked and cribbed in the Northwest, as poor drying weather is reported, and there are a few reports of corn molding in the husk. Despite this adverse weather most growers feel that given a week or two of dry harvesting weather a very good crop of high quality corn will be harvested

A cargo of gulf wheat was sold to Holland and 6,000 tons #2 red wheat were sold to Norway, but there was little evidence of many futures being covered in the pit. This business may have been largely anticipated as exporters previously had been fairly good buyers.

Weather generally has turned rather cool, including southeastern parts of the country, but there has been very little precipitation and not much is indicated. The Weather Bureau's 30-day outlook calls for larger than normal amounts of precipitation in the Northeast and near normal in the Southwest. In the remainder of the country subnormal amounts are in prospect.

Primary receipts of wheat for two days amounted to 1,386,000 bu compared with 853,000 bu last week and 946,000 bu last year. So far this week Kansas City and Minneapolis stocks show a total decrease of 171,000 bu.

Undoubtedly the wheat market was somewhat affected by election returns, indicating that most agricultural states were not against Secretary Benson's flexible price support program, and it may, therefore,be that the high percentage of parity loans will not figure in the future to the same extent as they have in the past. Some selling of wheat occurred, and we alsohad some hedging in corn and some liquidation in beans. One of the local traders who sold beans early was thought to have covered his position later on, and the market recovered. The cash demand for wheat in the Southwest remains slow, with #1 hard wheat selling today at 2 to 2 1/2 over December. This was not very bullish on their December future, although it still continued to trade at a premium over March. Flour sales were extremely small in volume, ant there does not seem to be much of a pick-up yet.

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CHICAGO, 4 November 4, 1954

At the National Agricultural Outlook Conference held in Washington the latter part of last month, it was pointed out that total U. S. wheat supplies for the current 1954-55 year are estimated at about 1,867 million bu, consisting of a carryover of 903 million bu, an estimated crop of 959 million bu, and an allowance for imports of 5 million bu, mostly of feeding quality wheat from Canada. Domestic disappearance in 1954-55 is expected to be about 660 million bu, which would leave about 1,210 million bu for export and carryover. While it is too early in the season to estimate exports, there are signs that the total may be larger than the 216 million bu exported in 1953-54, and an optimistic appraisal of present export prospects would place the 1954-55 total as high as 250 million bu. If this export figure is attained it would leave a carryover on July 1, 1955 of about 50 million bu above that at the beginning of the year, which would still represent an increase, but not a large one, compared with the previous two years.

In looking further ahead, it was suggested that if the acreage seeded for the 1955 crop approximates the national allotment of 55 million acres, and if yields equal the 1943-52 average, a crop of about 850 million bu would be produced in 1955. Domestic disappearance in the 1955-56 crop year is not expected to differ much from the 660 million bu estimated for 1954-55, but if exports should again amount to 250 million bu, total disappearance would be about 910 million bu, or about 60 million bu in excess of the 850 million bu crop, which would mean a reduction in the carryover July 1, 1956 of about 60 million bu.

In reviewing cash wheat prices, it was pointed out that they have been strong the early part of this marketing year, which situation reflects the relatively short supply of "free" wheat. Of the July 1st stocks of 903 million bu, all but about 40 million bu were either owned by the CCC, or otherwise held off the market by the support programs. Prices of some quality wheat have been sufficiently above the loan so that quantities have been sold domestically by the CCC at a level which represents 105% of the loan, plus carrying charges, but on the other hand there are sufficient supplies of wheat priced below the loan so that the average price is substantially below the loan level. It is expected, however, that the average will continue to strengthen as the season advances.

According to the Iowa Weekly Crop Bulletin harvesting of soybeans and corn crops in that state showed about the average rate of progress during the past week for this time of year. However, total progress of harvesting was less than average for this date. The soybean harvest was about 80% completed by November 1st, which may be compared with the average of about 90%. About 40% of the corn acreage has been picked, which may be compared with 90% in 1953, and the 1946-52 average of slightly more than 40%.

According to the Illinois Weekly Report, nearly 70% of the corn crop had been picked compared with 90% as of this date last year, and an average of about two-thirds of the crop for this date. Combining of soybeans continued last week, and harvest is now approaching 95% completion. Seeding of winter wheat is nearly finished with most of the acreage yet to plant located in the southern counties. Recent rains have been most beneficial for fall seeding and pastures.

Except for some light rains in the Central States generally fair weather prevailed over the grain belt area overnight. Temperatures are rising somewhat but are considerably below normal generally. Country offerings of both corn and beans are quite light, with the result that no pressure from this source is being exerted on the market.

In export circles it was reported Germany bought 4,500 tons Canadian rye and 25,000 tons Russian rye, also that Holland had purchased a cargo of U.S. hard wheat from the Gulf, and that the U K had bought parcels of corn. It was also learned that on Monday Israel has purchased two cargoes of soybeans --one for January shipment and one for February shipment.

Primary receipts of wheat today were 1,041,000 bu vs 1,169,000 bu last week, and 1,214,000 a year ago. Corn receipts were 2,026,000 bu vs 1,371,000 bu a week ago and 2,190,000 bu a year ago. Kansas City and Minneapolis wheat stocks so far this week have decreased 439,000 bu.

Representative Cooley, who is scheduled to be the new Chairman of the House Agricultural Committee, stated that his Committee will review all the nation's farm programs early in the 84th Congress, and the fight to restore price supports at 90% of parity on basic crops will be renewed in January. This announcement brought some buying into the market, but best prices did not hold. Corn and wheat showed independent strength and closed strong. Oats also were firm.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 5, 1954

The role which research has played in American progress should never be minimized. In a comparatively short period of time we have emerged from a wilderness into a mighty industrial empire. In agriculture we never could have made the progress except for the application of research to farming, which has greatly increased output and lowered costs. We have heard much of the importance placed on science of soil fertility and plant protection. It is presently estimated that fertilizers alone have increased crop yields by 20%, and the added usage of nitrogen may swell this figure tremendously during the next few years. Without the use of chemical pesticides it would be impossible to raise some of the crops on a commercial basis. Since 1930 more than 400 new food products have been developed for the consumer market. All this, of couse, has cost large sums of money and the expenditures for scientific and engineering research from 1940 to 1953, inclusive, totaled nearly $30 billion. Of this amount more than $12 billion was contributed by private industry. While it is true that the Federal Government has accounted for little over half the total amount of money expended, it should also be borne in mind that a large part of the government's research work is being done in private and institutional laboraties. In fact, last year of the total research activity in the country, industry did 70% of the work, while those of the government only 20%. The balance was handled mostly by non-profit institutions. Today there are more than 5,000 industrial concerns performing research and development, and these companies employ about 192,000 scientists and engineers.

Before our market opened this morning, there was not much to guide it. Weather was mainly clear, somewhat cold, but gradually higher temperatures are expected over the week-end. There are some sections of the Southwest where rains have been insufficient but over all complaints are not numerous, and we believe that most of the recent buying has been due to artificial factors, which can still not be ignored,

We do not pay too much attention to the possibility of reverting to high, rigid farm supports, although the new Chairman of the House Agriculture Committee has claimed that a vigorous effort would be made when the 84th Congress convenes for a 90% farm parity program. The agricultural interests in most cases recognize that when prices are held artificially high, accumulations occur, and our farm problems increase. Mr. Cooley's stand was challenged by Senator Ellender of Louisiana, who will in all likelihood become Chairman of the Senate Agriculture Committee under Democratic leadership. He feels that there should be no rush to change the flexible farm plan, or that in any case we should at least give the present program a chance to see if it works out.

Our wheat and flour exports last week amounted to 4 million bu, bringing the season's total to 65 1/4 million compared with 78 1/2 million a year ago. Soybean shipments during the week were 1.3 million bu, according to Broomhall but his figures do not include exports to Canada, which have been fairly sizeable.

According to the Foreign Crops and Markets put out by the government, prospects for wheat harvest in Australia, which normally begins in November, points to a total production somewhat below the 1953-54 outturn. The tentative forecast indicates that the outturn may approach 175 million bu if conditions are favorable for the remainder of the season. This is 23 million bu less than the past year. Their domestic requirements for all purposes are about 80 million bu. The same source reports that the 1954 rice crop of Japan is now estimated at 9,500,000 metric tons, which would be 1,260,000 tons larger than the small crop of a year earlier.

Primary receipts of wheat today totaled 837,000 bu vs 1,123,000 bu last week and 1,086,000 bu last year. So far this week Kansas City and Minneapolis stocks of wheat show a net decrease of 701,000 bu. When the visible supply of wheat is posted Monday it will compare to a decrease last year of 1,828,000 bu.

There is very little activity expressed in the wheat market. Flour demand, according to The Southwestern Miller, is still inactive, inquiries are in fairly good numbers and buyers continue to show interest, but tendency evidently is to allow contracts to shrink almost to a point of exhaustion before replacement. One important fact is that the remaining contracts of hard winters are shrinking to an abnormally low point, which means that replacement buying will have to take place. Export business is draggy.

The spot market for corn in Chicago was lower than yesterday, but offerings from the country were very limited. It is reported that some #2 yellow beans were sold for November-December shipment from the Gulf at 2¢ lower than yesterday's offerings. Rye followed the weakness in the Winnipeg market, and export demand is very disappointing.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Nov. 8, 1954.

According to USDA estimates, farm income in 1954 will total moderately less than in the previous year. At the year-end farmers' cash receipts are expected to total around $30.2 billion, or about 4% less than in 1953. In the year ahead farmers' cash receipts may show a further moderate decline. Additional cutbacks in wheat and cotton acreages are planned, while prices are expected to hold at about the current level. If these expectations are realized the percentage drop in cash receipts would not likely exceed the drop from 1953 to 1954. The farm income picture in the Mid-West hog and cattle-feeding areas has been somewhat brighter than for the nation's agriculture as a whole. These receipts from both cattle and hogs show a moderate increase in 1954 above year-ago levels. However, farm income from dairy products will show a reduction of about 4% this year for the nation, and probably somewhat greater in the Mid-West.

The decline in farm income reflects the continued pressure of excess supplies and the steps taken to bring production into line with current markets. Foreign demand exerts a substantial influence on the level of farm income even though only about 10% of the total output of agricultural commodities is exported. USDA officials indicate that a boost of 10% in agricultural exports above the 1953-54 value is in prospect for 1954-55. However, most of this increase it is expected will be associated with various governmental export and surplus disposal programs, and to the extent that shipments will be drawn from present CCC stocks will have little effect on commodity prices or farm income in the year ahead. However, to the extent that these programs are successful in disposing of surpluses, commodity levels will be strengthened over the long pull.

Last Friday it was announced by the USDA that corn acreage allotments will be in effect for the 1955 crop, and an 805 county commerical-corn producing area in which allotments will be effective was designated. Even considering drought conditions in many areas, the apparent corn supply for the coming marketing year is such that acreage allotments are needed in the commercial area to help maintain a balance between corn production and utilization. When corn acreage allotments are in effect, compliance with farm allotments is a condition of eligibility in the commercial corn-producing area for price supports. The loan exempts the non-commercial corn area from dlotments but provides that when corn acreage allotments are in effect county loan and purchase agreement rates in the non-commercial area are to be three-fourths of the rates in the commercial area. The Agricultural Act of 1954 exempts corn from marketing quotas.

The government cotton estimate was awaited by traders, and when announced indicated a crop of 13,206,000 bales as compared with 12,511,000 bales a month ago. The increase would be equivalent to about 130,000 tons of cottonseed meal, but as compared with last year it is still mre than 600,000 tons less. However there was a considerable supply of uncrushed cottonseed at the end of last season which will add to this year's stocks of meal. The estimated production of soybean meal this year is about 1 million tons larger than a year ago.

In export circles it was reported that the U.K. had bought parcels of corn and also thought that Ireland had purchased a cargo of corn on Friday.

According to The Southwestern Miller, weekend flour sales were small, practically the only bookings were to bakers forced to replenish. Bakers in increasing numbers are at the end of backlogs, including some of the large trade. Hard winter costs declined 6¢ CWT last week, and some further easing would attract more aggressive coverage.

When the visible was posted wheat showed a decrease of 3,058,000 bu giving us total stocks of 391,776,000 bu, or 82,775,000 more than last year. Corn increased slightly over 3 million bu, making total supplies 20,936,000 bu or about 6 million less than a year ago. The visible supply of beans increased 1,056,000 bu making total supplies 7,823,000 bu, or 8,918,000 bu less than last year. Chicago stocks of wheat decreased 307,000 bu giving us total elevator stocks of 12,453,000 bu, plus 2,119,000 bu afloat. Corn increased 1,120,000 bu making Chicago stocks slightly under 7 million bu. Beans increased 107,000 bu, making total stocks here 3,629,000 bu.

Markets were generally lower. The cotton report was construed as bearish and brought some selling into beans. Large corn receipts as well as a weaker cash basis contributed to lower prices in that grain. The stock market went into new 25-year high ground, but its strength did not affect commodities.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 9, 1954

Secretary Benson has not in any way altered his thinking since the election. Just yesterday he reiterated some of his views, stating: "What government can give, the government can also take away." He points out that any industry is in a perilous position when a significant part of its income is dependent upon an artificial economy that leaves its future dependent on the legislative process. It is his firm conviction that there is more opportunity in farming today than at any time in history, but by the same token he insists that producers must use all their new tools and techniques. They should rely upon better breeds, better seeds, better feeds, and better cultural practices that are now available.

It is rather interesting to note that the head of one of our large chemical companies recently predicted that twenty-five years from now half the working force will be making or selling products unknown to us today. The Paley report issued in 1952 reminded us that more coal, oil, and natural gas had been burned up in the past fifty years than in all previous history. The pressure of rising demand against the limits of known research and known technology presents the possibility of energy shortages which might impair the nation's economic growth and security. On the other hand, we stand at the threshold of atomic power, with its limitless possibilities. Thus progress leads us on to greater heights, and most of our accomplishments have been made possible in large measure by creative talents under a system of free enterprise rather than by government subsidies or artificial controls.

There was very little in the overnight weather. It was generally fair with moderate temperatures and even the five-day forecast does not suggest any important showers for the Southwest, although eastern sections may be benefited.

There were reports that Japan had bought a cargo of corn and after yesterday's break there seemed to be a little better sentiment. A few hedges were taken out of the wheat pit against the sale of a cargo of hard winter wheat to Holland, but generally speaking business was quiet. A steamer was loaded in Chicago with 422,000 bu soybeans to be held here for winter storage. Our guess is that one of the elevators may wish to make room for corn that is coming in and, therefore, this was not of much significance marketwise. However, beans recovered from early weakness due mostly to lack of pressure, and for a time little attention was paid to the fact that meal and oil prices failed to show much stability. The Turkish government is negotiating for about $30 million of U. S. surplus grain on a barter deal. Wheat, which will probably enter the transaction on a quantity of 200,000 tons, calls for government surplus stocks, and also 125,000 tons coarse grains likewise under CCC ownership. Other international problems are involved and are temporarily holding up the deal.

Primary receipts of wheat amounted to 752,000 bu. There was no comparison as last week was a holiday but the receipts a year ago amounted to 1 1/2 million bu. Kansas City and Minneapolis stocks so far this week show a net decrease of 163,000 bu.

Broomhall points out that world shipments of wheat and flour from August 1, 1953 to July 31, 1954, totaled 744 million bu, and that these clearances were the smallest in many years. Any comparisons we have here would be made on basis of our crop-year and for that purpose for the year before we find that total shipments were 839 million bu, and two years ago 987,million bu. In 1951 peak exports for all-time occurred when 1,065 million bu were shipped.

Our wheat market continued strong during the session and there were moderate to good-sized flour sales but over-all business continued rather slack, according to The Southwestern Miller.

It was reported that CCC yesterday had sold to exporters 1 million bu two hard winter wheat at 19 over Kansas City December FOB Atlantic, thirty days. We understand that since then their price has been increased to 23¢ over.

Beans did not hold their full advance and actually closed with minor losses. However, corn, oats, and rye were all strong. We still believe that our consumption of corn will be large and that the usage will be more than the amount raised so that finally a bullish situation could easily develop.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 10, 1954

It was difficult to ascribe concrete reasons for yesterday's advance in wheat but we felt that lack of pressure and artificial factors were very likely responsible for the unexpected upturn. After the close of the market yesterday the government issued figures showing the total amounts of grain under supports through October 15th. There had been 302 million bu wheat impounded since the beginning of the crop-year, and this compared with 350 million bu the season before. While the quantity is smaller it is still quite an impressive figure owing to the fact that we raised 200 million bu less wheat; furthermore, protein wheat in many sections of the country is selling above the loan. Nevertheless, we must now be realistic and assume that 660 million bu wheat will be used domestically during the current crop-year, and with 302 million bu already impounded, the total of 962 million bu is a little more than we raised. There will be no revision in the probable wheat yields until the December report is made, although this afternoon we shall have other data furnished us, the principal items being the likely production of corn, beans, and sorghums. In all probability there will be more wheat still going into the loan as farmers have until end of January to make a decision; therefore, it is quite probable that a larger amount will be consumed at home and tied up under government programs than was raised, even if all the future export business is handled from government stocks. Thus these artificial factors must be paramount in one's thinking, although it may still take some time before actual tightness develops on a larger scale, as the 660 million bu we have referred to as being needed for domestic uses is a figure for the entire twelve months, and we shall only eat into our free reserves on a gradual scale.

It is too early yet to know how much corn will be impounded as the season is barely started. However, more oats and barley have gone into the loan since the previous report and also about 4 million bu more sorghums, all of which indicates that farmers are fully aware of the government's benevolence and are taking advantage whenever they deem it to their own interests.

Overnight weather was clear, and no change is indicated during the next twenty-four hours. Harvesting of Iowa's corn crop was about 70% completed, while in Illinois approximately 85% has been picked to-date compared to a five-year average of 75%. In Nebraska corn also made splendid progress after last week's freeze--about 74% was harvested by the close of the week.

There had been a large export business reported overnight, Japan taking 6 million bu American white wheat together with 1.8 million bu Canadian wheat. This, however, did not have much market influence. Denmark bought some soybeans and there was an early advance in the futures market but one of the local traders liquidated on a big scale, which brought about a reaction.

Primary receipts of wheat amounted to 627,000 bu compared with 1,386,000 bu last week, while a year ago there was a holiday. Kansas City and Minneapolis stocks so far this week show a total decrease of 293,000 bu.

The wheat market was quite strong right from the start, and we believe that the figures on the heavy impoundings must have had an influence. At about mid-session there was heavy selling by a house with export connections, and some in the trade thought that possibly this was hedging against grain bought from the government, but in any case, it took the edge off the market. Bean prices were strong for only a short period, but apparently enough realizing sales were encountered to dampen bullish enthusiasm. Corn prices advanced for a time, and there seemed to be very little pressure from the country. However, trading in the pit was only of moderate proportions. The close was firm.

We had a message from Minneapolis stating that a fair amount of mill buying had taken place and that the cash market was up from 1 to 3¢ per bu. There was also a little more current flour being sold due to the fact that replenishments were needed in some instances, but the general tendency was to buy very cautiously.

There was a report that France had sold Poland 3 1/2 million bu of wheat, but apparently this was not regarded as too important a factor, as France has been known for some time to have surplus stocks.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 12, 1954

We have been asked so frequently for an explanation of the declining per-capita consumption of wheat,and one would naturally imagine that with 163 million persons in this country, more bread and flour would be used. The simple truth is that before the war grain products furnished 29% of the total protein diet, while last year this figure had fallen to 21%. Everyone knows that when there is prosperity, the demand for meat and poultry products increases, and, indeed, the per-capita consumption of meat at the present time is almost at the highest level in history. Little attention is paid to our consumption of fish, but including this with meat and poultry, there has been a 6% increase of these items in the total protein diet of the nation. Imports of frozen and canned fish are part of a large industry, and heavier imports are in prospect for the next several months, augmenting our already large supplies. Stocks of frozen fish products in this country total 177 million lbs, up 14% from a year ago. Through July 1954, imports of major species of canned fish were about 6% higher than in the same period of 1953, and it looks as though inbound shipments will continue heavier than last season at least until next spring. With that in mind, retail prices of fishery products during the next several months may average somewhat lower, according to a government survey. Thus we must always be cognizant of peoples' changing taste, which is reflected in their diet. With the substantial increase in pork, the outlook for meat supplies is also fairly optimistic, while imports of all meat during the balance of the year will be about the same as in the previous twelve months.

Before our market opened this morning, there was little to guide it except that there were reports of possible wheat takings by Czechoslovakia and Turkey. These factors, however, did not have much influence as it is most likely that if business is transacted, government supplies will be furnished.

Weather on the whole was satisfactory except that there is still no rain of consequence forecast for the Southwest, and with temperatures several degrees above the normal, there are increasing fears of deterioration unless we have ample snow-covering during the winter months. The colder temperatures which had been expected in this part of the country failed to develop, and while there were a few traces of rain in scattered areas of the corn belt, it seemed to be mostly fair, although some light rain is apt to follow over northern portions of Iowa and northern Illinois Saturday.

A few parcels of corn were sold to the U.K. but otherwise our export sales were rather limited. One of our friends in the East told us that there were good bookings of corn out of Ohio and Indiana overnight, and apparently some purchases have been made at 9¢ under, basis Chicago, although in our own territory elevators were not reporting heavy purchases for Chicago. The early bid was 4 under for spot and the river bid figured about 6 1/2 under, having declined a cent since yesterday.

Primary receipts of wheat amounted to 837,000 bu, which was identical with last week and compared with 1.3 million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 506,000 bu. When the visible supply of wheat is posted next Monday it will compare with a shrinkage last season of 731,000 bu.

Markets were on the quiet side today but corn was distinctly weak after some hesitancy early. It seems that a good deal of attention was paid tocheap offerings to the east of us and some hedges undoubtedly found their way into the market. Flour sales were in small volume, and business was on the quiet side even in the Northwest where yesterday there had been some improvement. The wheat market also acted a little tired, and a good deal of trade today consisted of changing over between months, but December lost a little ground as there is apparently some liquidation.

There was no feature in beans; at one time a reasonable amount of short-covering carried values above the previous day's level, but evening-up prior to the week-end found the market poorly supported, and this caused the late declines.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 15, 1954

The past week weather has been extremely favorable for harvesting but practically no moisture was received to nourish the wheat plant in the Southwest. According to the Kansas Wheat Improvement Association, wheat in that state is generally up to good stands but rain is needed to bring the crop along. Warm days have stimulated plant growth, although depleting moisture supplies. Generally speaking the condition of newly-seeded wheat is good compared with a year ago at this time when it was only fair. A great deal of the acreage in the western part of the state is being pastured or will be soon. However, subsoil moisture over most of Kansas is still in short supply and the wheat plant must depend on regular rainfall or snow in order to have normal growing conditions. In Oklahoma, dry soil conditions continue to delay wheat seeding operations in west central and southwestern areas. However, most of the intended acreage has been planted in the northern and eastern counties. Wheat is generally up to a fair stand where moisture conditions are favorable, but conditions are rather spotty. In Texas in the favored areas, wheat responded rapidly to improved moisture conditions. In other areas wheat and small grains were making virtually no growth and in much of the territory rains are needed for crops to survive. In Nebraska winter wheat is in good condition and has shown a slight improvement in the past week, but more rain is needed especially in the western third.

The Agricultural Letter of the Federal Reserve Bank of Chicago points out that there will be plenty of feed grains available in the feeding year ahead, despite the widespread drought over last summer. Indications point to an increase of more than 2% above a year ago, which coupled with large carryovers assures ample supplies. The same source calls attention that utilization of corn in the year ahead probably will exceed 1954 production, and since most of the record carryover is owned or under price support loan by CCC, some reduction of their stocks is anticipated. During the 1953-54 season, nearly 200 million bu 1948-49 corn was sold from CCC stocks in order to prevent spoilage. It is very doubtful if much out-of-condition corn will be available this year.

According to a well informed source in Canada the general situation of our neighbor to the North is now turning to a market in favor of sellers. For several years past buyers in important countries faced with ample supplies have been hesitant about making new commitments in expectation of lower prices, but recently there have been increasing signs that buyers are beginning to show apprehension as to available supplies. This particularly applies to feed grains since there is still a lot of good wheat available.

The American Soybean Association says that the moisture problem appears to be slmost universal in the soybean belt this fall with a considerable part of the crop too wet for safe storage in both northern and southern states. The bean harvest is nearing completion in northern areas, while in several areas of the Lake Region southward to Tennessee harvest has been retarded by wet soils. There seems to be some talk in the trade that one of the processing plants in the Chicago area may close down shortly due to the unprofitable difference between beans and their byproducts. However, it is not known when the shutdown may occur or for what duration.

Primary receipts of wheat totaled 1,653,000 bu vs. 1,563,000 bu a week ago and 2,334,000 bu on the comparable day of last year. When the visible was posted today wheat showed a decrease of 3,183,000 bu, leaving the total at approximately 389 million bu, or about 80 million more than a year ago. Chicago stocks of wheat decreased 157,000 bu, leaving a balance of 12,296,000 bu in this market. There was no change in the amount of wheat afloat. Chicago stocks of corn increased 1,185,000 bu and now stand at 8,100,000 bu. Bean stocks in this market increased 158,000,bu for a total of 3,787,000 bu; there were 422,000 bu afloat.

Did not hear of any wheat export sales over the week-end, but it was reported that Norway bought a cargo of corn for December shipment. According to The Southwestern Miller mills are more hopeful of a broadening trend in flour sales, particularly of hard winters. The unfilled balances are abnormally low with large numbers of the trade and may have reduced inventories to a point where current purchases must be stepped up materially. While there seemed to be some decrease in the amount of corn being booked by barge, and also by rail, for Chicago, reports indicate that Indiana and Chio corn is still very freely offered at a considerably lower basis relative to Chicago for eastern destinations. However, spot corn in this market was quite weak, selling at 6 under December.

Beans were subject to liquidation. As of Friday night there was still 10 million November beans open with only 4 days, including today, before expiration of trading in that future.

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CHICAGO, 4 November 16, 1954.

The most dynamic influence behind our present economy is the increasing population. A couple of decades ago it was believed that we would reach a static position prior to 1975. Births in the first half of this year were 2 1/2% ahead of last year, pointing to an all-time high of more than 4 millionnew children for the year 1954; in fact, some sources now believe that the population of the U.S. will top 200 million people by 1975. This all points to a continued increaseddemand for goods.

The USDA reported that as of September 30th, the investment in price support commodities amounted to approximately $6 1/2 billion, made up of loans outstanding of approximately 2 1/2 billion, and the cost value of inventories of almost $4 billion. The investment on the similar day of the previousyear was about $4 billion. Loans on wheat under price support operations accounted for about $575 million, while CCC wheat inventories totaled approximately $2 billion.

It has been reported that the U.S. and Turkey have signed an agreement providing for procurement of about 500,000 tons U.S. wheat and feed grains needed in Turkey to replenish shortages caused by recent crop failures. Last year Turkey exported about 37 million bu wheat. According to Broomhall, France is selling considerable quantities of milling and feed wheats, and in this connection it might be interesting to review the figures of world export shipments of wheat and flour from August 1, 1953 to July 31, 1954. Total shipments amounted to 745 million bu, the smallest in many years. The U.S. furnished 211 million bu, Canada 255 million bu, Argentina 87 million bu, Australia 65 million bu, Russia and the Danubian countries 25 million, Turkey about 37 million, and France about 44 million bu. According to the same source new wheat prospects in the Argentine are for a crop of 239 million bu, which would compare with 228 million bu during the previous season.

People in other lands are important buyers of U.S. farm products, and in each of the past two years foreign buyers took nearly $2 billion worth of our farm products, which figured about 9% of the entire U.S. farm production. Exports usually takea larger share of soybeans than any other Illinois farm products, according to the Agricultural College of the University of Illinois. In 1953, we exported 41million bu, or 21% of the total U.S. production, with most of the beans being shipped to Europe and Japan. Prior to World War II, Manchuria had a virtual monopoly on world trade in soybeans. This year, it is expected that exports may reach 50 million bu.

Cotton is the first most important farm export of the U.S. with wheat in second position. Unusual postwar needs carried our wheat exports up to 48% of the 1951 crop. However, increased production in importing countries and price-support programs in the U.S. have caused this country to lose a larger proportion of its wheat exports than any other country, despite the subsidy. In the last marketing year exports were only 216 million bu, or equal to 19% of the 1953 crop. There is some possibility that the figure may go a little higher this year.

Primary receipts of wheat today amounted to 857,000 bu vs 752,000 bu last week, and 1,682,000 bu last year. So far this week Minneapolis and Kansas City wheat stocks show a net decrease of 254,000 bu.

There was a little flour business done in the Southwest overnight, with about a single week's coverage purchased by one of the chain bakers. Otherwise demand remains draggy, with no evidence of any follow-through generally by bakers. Contract balances are generally low, and increased replacement buying must develop in the near future. However, there is no indication that anything but nearby shipments will be covered.

Otherwise, there is no new development in the wheat market. Our December future continues to show firmness, but the final outcome is still difficult to judge. The five-day weather forecast suggests above normal temperatures throughout most of the grain belt, with little or no moisture indicated, and sections of the Southwest are reporting extremely dry soil conditions.

It was reported in export circles that Denmark, Holland, and Japan bought about15,000 tons soybeans for November-December-January shipment, and are seeking additional offerings. It was also reported that Norway bought a cargo of corn for late December.

Spot basis for corn in Chicago showed some improvement today, and the futures market had a much firmer tone, with a more friendly feeling developing

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CHICAGO, 4 Nov. 17, 1954.

Secretary Benson spoke before the Association of Land-Grant Colleges and Universities yesterday. As he has done so often in the past, he stressed the importance of wise management, hard work, and skill with respect to farming operations, claiming that these factors accounted for 98% of top farm income, while only about 2% came from government loans or payments. He pointed out, for example, that in Illinois last year top farmers on the better soils but on the same size farm earned $10,000 more than the average farmer. The efficient farmer today uses much more home equipment, machinery, fertilizer, hybrid seed, insect and weed controls than was the case prior to the war. All these skills are very important, as is research and education. For example, the average hog farmer raises 6 pigs per litter, while the good farmer raises 8, and the top farmer is shooting for 10. Another example of good farming is in Iowa where the net income of those who kept records in that state in cooperation with the Extension Service was $8,353. On the other hand, the top farmer earned in net income $13,000, or 60% more. Other cases were cited but the Secretary concluded that the farmer could do much to help himself rather than to continually depend on government departments for help; inother words, they should adopt improved methods, thus increasing their production and marketing efficiency. They should also conserve water, land, and other resources in order to raise their own standards, striving always for higher goals.

Before our market opened this morning there was not much news except for the dry weather condition in the Southwest. We heard of a few complaints particularly as temperatures are still above normal for the season, and there is no immediate prospect for much rain anywhere, although a few light showers are apt to fall over portions of the corn belt.

The government is stillmaking efforts to market some of our agricultural surpluses abroad. Some of these intentions are repetitious and we have previously been told that wheat, flour, feeds, cotton, etc. would be shipped to Czecho-slovakia, to Turkey, to Japan, and possibly also to Pakistan. However, the trade while realizing that this would finally improve the statistical picture, has belittled to some extent its market effect as most of the supplies will undoubtedly be taken out of government reserve stocks; therefore, it would not necessitate any hedges being taken out of the market. Nevertheless, cashwheat is moving very slowly from farms in the Southwest, and if there should be any improvement in the flour demand the market could easily respond. Some operators feel that it might even create a better demand for red wheat if other varieties are scarce. The CCC swapped some wheat yesterday or possibly the day before, taking red wheat at Baltimore at 14 1/4¢ over FOB Steamer in return, for which they sold some hard wheat in Chicago at 5 1/2¢ over with discounts for mixed varieties. Just what the delivery situation will be here in December is difficult to foresee at this time. There is only 3 1/2 to 4 million bu red wheat in our market of contract grade, which is free, including about half that quantity in boats, and some people hold the view that early tenders on December contracts may be small.

Primary receipts of wheat amounted to 752,000 bu compared with 627,000 bu last week and 1,318,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 477,000 bu.

There was some selling in all pits earlier in the day but later on when the re-deliveries on November bean contracts were so smallthere seemed to be general short-covering. The bean market went up helped by stop-loss buying and this lent strength to the rest of the market. Some small sales of beans for export failed to have much influence but there seemed to be a little flour business with one of the large mills taking some hedges out of the pit. It was claimed that three of the chain bakers had bought small to moderate amounts of hard winter flours, mostly for requirements of the next week or two. There was no pressure from the country and farm-selling of beans was next to nothing.

Cash corn was in reasonably good demand with the discount basis about the same as yesterday to possibly 1/2¢ lower. The present weather situation while not too good for winter wheat is at least enabling farmers to get their corn and soybeans in before winter conditions set in. According to the Illinois weekly bulletin a total of 95% of the corn has been picked, while combining of beans in the northern part of the state is nearly complete. Trade on the whole was not too active.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 18, 1954

Secretary Benson declared unofficially that cotton and peanut prices next year would be supported at 90% of parity and that corn would probably be supported at around 88%. Previously official action had been taken on wheat and in that connection the minimum flexible price-support prop of 82 1/2% had been established.

One of the best treatises on farm price supports was recently prepared by Prof. Karl Brandt, Associate Director of the Food Research Institute at Stanford University. This authority points out that the most urgent need is to stop the accumulation of excess stocks by gradually adjusting production without undue ill effects on the farmer, while disposing of the carryover at the same time. He claims that freely moving prices of farm crops at present in surplus supply would, without public interference, automatically seek a lower level and move the surplus into domestic consumption and export markets. By changing price relations they would induce the farmers to make the necessary adjustments in production through shifting land to more profitable crops. He further stated that if price support remains fixed at 90% of parity, the government must force the farmers to reduce the output of commodities which are in excess supply by acreage allotments and marketing quotas. On June 19, 1954, for example, Secretary of Agriculture Benson announced what have been characterized as the most drastic agricultural controls in the history of the country. The number of acres which now may be planted to wheat is set at 55 million as contrasted to 78 million two years earlier. Under certain circumstances a farmer may be required to submit to a "total acreage allotment" or lose price support on all other crops. In Prof. Brandt's opinion the 90% support limits the farmers managerial freedom and transfers the responsibility from the individual to the government-- from the economic to the political sphere. Flexible prices are the only device by which an economic system can combine freedom of enterprise, efficiency, and self-adjustment. To rely chiefly on government enforcement of quotas and price-fixing is the antithesis of a free enterprise economy.

Overnight weather disclosed a small amount of rain around the Chicago area but practically nothing else in other parts of the country. Temperatures are comparatively high for this season of the year, but unfortunately no precipitation is indicated for the dry areas.

Our wheat and flour exports for the week were just under 4 million bu, and since the beginning of July we have shipped 73 1/2 million bu compared with 84 million bu a year ago. Our soybean exports for the week were 2.2 million bu, and since October 1st, Broomhall gives the total as 7 1/2 million bu vs. 9 1/2 million last season. However, Broomhall does not report the amounts that have gone to Canada. Not much attention was paid to a report claiming that a cargo of Manchurian soybeans had been sold to Germany, and for that matter the market ruled rather strong after the opening even though there was some trade talk that processing plants had curtailed operations, and that one additional large plant was expected to close shortly. A small amount of corn was sold to the U. K. but it was difficult to arouse much interest in that cereal as first indications were for a lower cash basis in Chicago.

As a result of a new import procedure now operating in Western Germany, it is likely that takings of wheat from the U. S. will be determined to an increasing degree by quality rather than by price considerations alone. Our shipments to that country have been declining steadily in recent years. Germany has taken increased quantities from soft currency areas, while at the same time she was conserving scarce dollar exchange.

Primary receipts of wheat amounted to 726,000 bu compared with 658,000 bu last week, and 1,477,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 890,000 bu.

In spite of dry weather and some complaints of dust blowing in the Texas Pamhandle, the wheat market was somewhat indifferent, and this in our opinion was due mainly to lack of interest. Corn and rye were slightly weaker, possibly for the same reason. There was not much feature to oats. It was the last trading day for November beans, and we went into the session this morning with an open interest of nearly 5 million bu. Considering this, the final transactions evened up very comfortably, and apparently both longs and shorts were willing to even up, with the result that there was very little change in the price of November beans, but the deferred months were weaker as there was some selling during the last hour.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 19, 1954

The influence of Secretary Benson's talks during the past year has certainly borne fruit, and the wisdom with which he has grasped the situation has apparently not fallen on deaf ears. We understand that the National Grange is urging its farmers to depend less upon government help, while the Nebraska Farm Bureau Federation has voted its endorsement of the farm program of Agriculture Secretary Benson. The New Jersey Farm Bureau at the close of its two-day annual meeting passed a resolution favoring flexible farm price-supports at a low level to be set only in times of emergency. Even in the Northwest, where a strong feeling has prevailed toward the higher support levels, we find that the Minnesota Farn Union adopted a resolution favoring a limit on farm price-supports in any one year to $25,000 to any one farmer. The country has learned that rigid supports at too high a level contributed largely to overproduction, with resultant accumulations of unmanageable stocks of commodities, which already have piled up in public granaries. Their maintenance and eventual disposal involves an appalling waste of economic resources and of public funds. Furthermore there has been a trend from the self-adjusting system of free enterprise in agriculture toward production and marketing quotas.

Using the words of Prof. Karl Brandt: "Quota systems stagnate our dynamic and creative agricultural economy, which gave such a brilliant account of itself during the war and afterward. The capacity of our 2 million commercial farms to produce is strong and elastic enough to assure the nation of all food requirements even in the event of war. Maintenance of nuisance stocks that clog all normal storage channels and distort the free utilization of our great food resources will, in the long run, reduce the defense potential of American agriculture."

Before our market opened this morning some rains had been reported in the corn belt east of the Mississippi River, but apparently it was dry elsewhere, and the five-day forecast is discouraging insofar as relief is concerned for the dry areas of the Southwest. The whole map looks more or less dry with rising temperatures after tomorrow.

Very shortly now the volume of business to Turkey and Yugoslavia is to get under way, and some fairly large quantities are involved, but whether any of the business will be done from private stocks is difficult to say; therefore, the matter is not receiving much attention marketwise.

There continues to be talk of various soybean processing units closing down because of unsatisfactory conversion profits. Much, of course, will depend on future developments, but in the meantime those who believe in the constructive side of the market are going a little more slowly. The rye market has been liquidated rather heavily during the past weeks due to some disappointment in export takings. There has been no official estimate of the Argentine rye crop but privately an outturn of 31 1/2 million bu was made, which would compare with nearly 24 million bu last year and 52 1/2 million bu two years ago. The rye surplus is expected to be around 15 3/4 million bu compared with actual exports thus far in 1954 of 31 million bu. The large rye exports this season were only made possible due to the holdover from the big crops two years ago. However, at the end of this season only a negligible amount will be left in that country. It was reported that the government sold 650,000 bu of northwest rye to exporters, but so far of the 1 1/2 million bu of oats offered by the government for export, only about 540,000 bu have been sold.

Primary receipts of wheat today totaled 883,000 bu compared with 837,000 bu last week and 1,489,000 bu last year. So far this week Kansas City and Minneapolis wheat stocks show a decrease of 1,075,000 bu. When the visible supply of wheat is posted on Monday, it will be compared with a decrease last year of 3,143,000 bu.

Markets were extremely inactive today, and prices of all grains had a narrow range. There were some small lots of flour business consummated but according to The Southwestern Miller, bakers are still pursuing a conservative policy and limiting their covering to only a week or two as contracts are exhausted. It is reported that a steamer containing 340,000 bu red wheat on winter storage in Chicago is being unloaded at one of the elevators, and it is not known whether more will follow, and whether this wheat is being put in position for December delivery, or whether it will be reloaded into boats after handling by the elevator.

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CHICAGO, 4 November 22, 1954

Rigid supports of farm prices which carry them above world market prices naturally render our export program more difficult, and in fact, tend to make us dependent upon practices which amount to dumping, where direct gifts are not involved and such policies may in time lead to retaliation by other nations. Export subsidies if used only to the extent to bring our prices in line with competition may lessen the blow, but nevertheless, is causing some comment amongst other world exporters. Many experts feel that whether export subsidies, a two-price system or a give-away program, (except in the case of disaster relief) all fall in the category of policies which are in conflict with the free multilateral foreign trade policy to which we adhere.

Before our market opened this morning there was not much to guide it. There had been some rain in the middle Mississippi Valley but elsewhere it was dry and there is yet no relief in sight for southwestern sections, where the plant could stand a good, soaking rain before winter weather sets in. Temperatures are still rather mild and while there is not too much apprehension yet it will require good snows to overcome the drought if we do not have relief soon.

There was a little corn bought overnight in Illinois districts but the quantities were negligible. However, we had messages from the East that corn was being bought on the lowest basis on the crop and apparently offerings in Ohio had been liberal. We noted a fair amount of hedging in May corn this morning but this was offset by speculative buying and the market ruled rather strong. Only a few small parcels had been sold to the U.K.

According to the American Soybean Association most northern processors are now operating although a few reports tell of suspended operations or those who plan to close their plants due to poor conversion ratios. Most of the southern beans are going for export; the volume moving, however, is small. Farmers are again reported holding for the $3 objective this fall as they did a year ago, with some observers cuationing that the 1954 market may not repeat its performance of 1953. The fact that we had a long drawn-out harvest and that more farmers are storing beans than last year has indicated to one economist that the action was more typical of what might be expected when a small crop was raised. At no time have we had unusually heavy hedging pressure, which would normally be anticipated with such a large crop and one which was actually of record proportions. Consequently, that party feels that the price pattern from here on depends mainly on what our speculators do and how farmers manage their stored beans, neither of which is predictable on basis of past experience. He cautions, however, that this is not theyear when a farmer can put his stored beans away and forget about them.

When the visible supply of wheat was posted there was a very heavy decrease of 8 1/4 million bu, however, there is still 380 million bu of wheat in all positions which compares with 305 million bu last year. Thus there is 75 million bu more on hand. The corn visible increased 7 1/4 million bu to a total of 31.8 million bu. There is now 4.8 million bu less corn in various markets than a year ago. The oat visible decreased 1 1/2 million bu, cutting stocks to 20 million bu, which is about 3 million larger than a year ago. The bean visible increased 1 1/2 million bu. In all positions we have 11 million bu of beans versus nearly 16 million bu last year. Here in Chicago there was a total wheat decrease of about 750 million bu, including 340,000 bu reduction in afloat stocks. The local corn position improved 1.6 million bu. There is now 9 million bu of corn in Chicago elevators and 607,000 bu in boats. The Chicago oat stock declined 857,000 bu, leaving only 2 1/2 million bu of oats here. There was very little change in the stock of beans, except that the afloat stock increased 240,000 bu.

Trade was fairly active at times, and as we mentioned earlier considerable strength in corn developed in the fore part of the session, but later on weakness in wheat affected other commodities, and we believe that liquidation of December wheat was one of the features, together with some local selling. Flour business over the weekend was very poor, and other business was likewise inconsequential There was selling of beans on a statement from the National Soybean Processing Association showing figures that would indicate country crushings might be 3 million bu less than had been previously expected. They recovered before the close.

Hog marketings at western points were fairly large, but yet the hog market was steady to only 25¢ lower.

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CHICAGO, 4 November 23, 1954

There continues to be a good deal of talk about parity but little mention is made of the fact that there are still fourteen commodities which remain on transitional parity levels because they are higher than the new ones. From a political point of view there have been delays in bringing about changes whereby a modernized parity formula would correct prices according to their relations during the past ten years. In other words, it would gradually lower parity prices to a more realistic level. However, the earliest possible date of this important shift for cotton, wheat, corn, and peanuts is January 1, 1956, and even then the correction may not exceed 5% per year. In the meantime those commodities will be supported according to old parity; on the other hand rice and tobacco are already being supported according to new parity because the price is higher. For most of the non-basic commodities the new parity prices are already effective because they also are higher than the transitional ones. Most experts have realized for some time that government price supports can do no more than cushion the impact upon farm income when a sudden decline in demand or in excess supply develops. The President having studied fully the problems as presented by Secretary Benson has proposed a farm program which relies chiefly on flexible prices as the mechanism for adjusting production. Thus flexible support with a scale of sliding percentages of modernized parity prices corresponding to the supply situation would ultimately diminish the need for acreage allotments and marketing quotas. The strongest argument for the adoption of flexible price supports is the fact that the huge stocks and their tendency to pile up further makes the abandonment of rigid 90% supports almost inevitable.

Before our market opened this morning there was not much to guide it except that the five-day weather forecast was still extremely discouraging, and there is apparently no immediate outlook for rain. Temperatures are about normal for this season of the year but for the past three or four weeks there has scarcely been a drop of precipitation in any of the southwestern areas, many of which have become bone-dry with subsoil conditions said to be exceptionally bad in a number of localities in far western regions.

A commercial estimate has been reported by Mr. Broomhall, giving prospects for Argentine production. A wheat crop of 257 million bu would be an increase of 29 million bu over last year. An increase is also indicated for oats and barley, while the rye figure shows an improvement of about 11 1/2 million bu over the year earlier. Some buying of wheat occurred during the first few minutes of trade and prices rallied on buying that might have included both export and domestic needs.

Little attention had been paid to the Searle Grain Co., Ltd. report yesterday, which further cut Canadian production below the November 1st government figures. However, a cut of 24 million bu was made in the wheat crop, while oats showed a decrease of 28 million bu, and barley production was down 18 million bu from the final estimate. Even rye was somewhat under the government report but generally speaking most traders were of the opinion that offsets were very large and that with nearly 600 million bu wheat carried over into the present crop-year there would still be sizeable surpluses for export.

Primary receipts of wheat amounted to 1,221,000 bu which compared with 857,000 bu last week, and 1,412,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 243,000 bu.

Our markets were not too active, but there was a fairly good undertone to wheat in spite of the fact that flour business overnight had been small. Some millers were disappointed in that there was not more business yesterday on the decline in the market, and the general lowering of flour costs. This rather tended to encourage some to wait longer, but there seemed to be a little business and some hedges covered during the session, particularly around the opening. Corn held up and showed fractional advances. The cash basis was slightly improved, and this also lent a little encouragement. The bean market, which closed higher, showed weakness on one or two occasions, and there is undoubtedly a holding tendency on part of producers, but just when farmers will market their grain in heavier volume remains to be seen.

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CHICAGO, 4 November 24, 1954

Economic activity has firmed up the last month or so and the rise this fall is slightly exceeding the usual seasonal gain. Steel-mill activity increased from a low of 63% of capacity in early September to 79% in mid-November in response to larger orders from the automotive industry and producers of military hard foods. Consumers are continuing to raise and spend income at record rates. Total purchases by consumers, business, and government are exceeding the output of the nation's factories with the result that inventories continue to decline.

Despite all this we must take into account that grain supplies in the country are still very large. For example, in wheat we started the season with a total supply of 1,862 million bu, including a carryover of 903 million bu. Imports mostly of feeding-quality wheat may not exceed 6 million bu, or the same as last year. However, our domestic disappearance in 1954-55 will probably not be over 660 million bu, and even if we assume that wheat and flour exports for the season are 250 million bu compared with 216 million bu a year earlier, we would still add to our carryover reserve by next July. Domestic demand for farm products is generally termed as strong by our Agriculture Department, probably for the reason that exports are up a little from a year ago. However, they point out that total farm production this year is close to record levels, while stocks carried over from previous years are large. Therefore, prices to farmers continue about 3% below a year earlier. Farmers during the first ten months of this calendar year have received about $24.2 billion for their marketings alone. This is down 4% from the corresponding period in 1953. Receipts from livestock and products were $13.8 billion, but the reduction in receipts from eggs, chickens, milk, and butter fat more than offset increases in receipts from cattle and hogs. Crop receipts during the ten-month period were around $10.4 billion, a decline of 5% from 1953. Wheat, cotton, and vegetables all showed substantial declines.

Before our market opened this morning there was a fair amount of moisture reported over the corn belt but only east of the Mississippi River. There were also rains in the Appalachian regions but the drought in the Southwest persists, and there is yet no hope for relief in the latter sections where there has been virtually no precipitation during the last month. Nevertheless, the Nebraska weekly crop report states that except for a few locally dry spots the condition of winter wheat remains excellent. The bad sections really are in Oklahoma and Texas, but, of course, it is not too late yet for help.

Contract stocks of wheat in Chicago increased a little during the last week and there is now 7.2 million bu in this figure, of which 3.3 million bu includes No. 1 and No. 2 red winter wheat. There is also 1.7 million bu wheat afloat and some of the latter has already been transferred from boats to elevator storage, with a report which we cannot confirm that additional quantities may be involved.

Recent firmness in the wheat market undoubtedly reflects relatively small free supplies especially of better quality wheat. Well over a billion bushels is either owned by CCC or under loan. Prices in mid-November were generally near the season's high.

Primary receipts of wheat today amounted to 724,000 bu vs 752,000 bu last week, and 1,642,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 366,000 bu.

Trade was rather dull today but the wheat market had a rather good undertone, part of which may be ascribed to dry weather in the Southwest, but by the same token, demand in those areas is very poor and ordinary wheat is rather draggy, probably owing to the fact that both export business and flour sales are so slow. According to The Southwestern Miller, flour bookings are only for a week or ten days ahead at best, and evennot many purchases are going through from day to day. However, there is some hope for improvement as inventories are not big. There was no particular feature to the corn market except some changing with liquidation coming into December, but apparently a few hedgers are going over to the more distant months. The cash basis was slightly easier, with the price 3 to 4¢ under December here in Chicago. There was a fairly large spreading business between January and May soybeans, and the bean market was somewhat higher, although the same factors prevail. Only about 20% of the crop has been sold, and therefore, farmers are still holding a large percentage of their crop, which is not too sound a situation, because it undoubtedly means that either after the turn of the year, or if the market should become weak that there might be heavier offerings from first hands. That, of course, could upset the market considerably. UHLMANN GRAIN CO.

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CHICAGO, 4

November 26, 1954

While the total crop production prospects were slightly higher on November 1st than a month earlier, they were still about 3 % less than last season. Nevertheless, the total is relatively large and 1954 will rank as the sixth best in history, although it was exceeded in four of the previous six years. Severe drought in some areas and extensive shifts in land use held the output well below 1953, as well as 1952. There was above normal rainfall during October in most of the northern and north central states, and while this caused some delay in harvesting of the late crops, it did nevertheless greatly aid fall seedings of grains and forage crops, also revived pastures and added to fall moisture supplies for next year's crop. Incidentally, the same situation does not prevail Southwest where it still remains dry, and the five-day forecast does not offer any relief.

There were some crops that turned out particularly well this season. For example, grain sorghums now estimated at 163.4 million bu are 50 % larger than the poor crop of 1953. The rice crop estimated at 58.5 million bags is the largest crop on record. As an offset a potato crop of 347 million bu is 7% smaller than last year and 15% below average. Despite delaying rains in many sections, harvest is virtually completed except for a few scattered areas.

While we have noted that wheat prices are near the highest of the season, it is still to be noted that on October 15th, the average price received by farmers was $2.08 per bu against October 15th parity of $2.47. For the same dates farmers received an average of $1.45 for their corn vs $ 1.79 parity; hogs $18.40 vs $20.50; beef cattle $15.80 market price vs $20.90 parity price. Thus it is quite obvious (and we could go through the entire list) that very few items are commanding as much as their parity level, although cotton comes rather close to the goal.

Before our market opened this morning we had the indications for weather and as stated it was discouraging for southwestern areas. Reports told of a sale of soybeans to the U. K., 6,000 tons being involved;,apparently that transaction occurred late Wednesday. The Netherlands also took 2,000 tons. The Continent also bought a few parcels of corn, while Holland purchased fair amounts of barley.

During the past week wheat and flour shipments from the U. S. were 3 3/4 million bu, which brings the total to 78 1/2 million bu since the 1st of July compared with 86 million bu a year ago. Total world trade in wheat and flour has been about the same as last season, and since August 1st, 221 million bu has been shipped from the six principal exporting nations.

U. S. corn shipments for the week ran 578,000 bu, and a total of 4 1/2 million bu has been exported since the 1st of October, which compares with 15 3/4 million last season. Exclusive of the shipments to Canada, we exported 2.6 million bu soybeans during the week, and since the first of October, we have exported 11 million bu vs 10 million a year ago. So far this season we have exported 938,000 bu rye, while a year ago no shipments occurred.

Primary receipts of wheat today amounted to 1,206,000 bu which compared with 883,000 bu last week, and 1,539,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 588,000 bu. When the visible supply of wheat is posted on Monday it will compare with a shrinkage last year of 592,000 bus.

Trade was very dull, and it was largely of a holiday character following Thanksgiving; in fact, flour demand was almost a blank over the holiday, and bookings of all types of flour are extremely meager. This, however, creates a little more optimism that a turn will come soon as inventories must be largely depleted. We saw considerable selling of rye futures today, and that market was weak; quotations at Winnipeg were also lower. Beans were also on the weak side, except for temporary strength at times, but other cereals displayed a fairly good undertone, and with receipts anything but burdensome wheat prices were higher, particularly for the more distant futures. Several places in Colorado wired that dust was blowing and that there were high winds. Commission houses were good buyers of corn on balance, and with some of the elevator interests changing over hedges from December to May there seems to be some doubt as to whether deliveries will be very heavy on the first of the month. The cash basis was stronger, and there was very little resistance to the buying.

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CHICAGO, 4

November 29, 1954

The wheat situation does not change from day to day. The crop and carryover was 1,862 million bu. The quantity estimated for feed, seed, and industrial use is 165 million bu. Thus the amount remaining for milling, export, or carryover is 1,697 million bu. Disappearance during the first four months of the season amounted to 177 million bu milled for flour, and the amount exported as grain was 56.7 million bu, so that on November 1st there was about 1,463 million bu wheat that could be used for milling, export, or carryover. This figure compares with 1,346 million bu last season and 973.8 million bu two years ago. It is very obvious that we are going to add to our supplies, but again we point out that the largest part of the reserve stock will probably be in government hands. In corn the situation is somewhat similar except that with a smaller crop we shall probably cut our reserve supplies by next October. It is quite a different story in soybeans, even assuming that the last government report of 338 million bu is correct. Cotton production is estimated at 13.2 million bales, or about 5,419,000 tons of cottonseed. The nation will probably continue moderately short of proteins and beans are a major source of supply, producing about 60% of the protein meal supply. Soybean prices have averaged 113% of parity for ten years, which is abundant proof that supports are not necessary for that commodity as may be claimed for some of the others.

During the next few months $105 million worth of CCC farm surpluses will be traded overseas in exchange for strategic and other materials needed by the U.S. Thus deals totaling $400 million worth of products are being concluded under Surplus Export Law #480.

Before our market opened this morning the weather map was scanned and it looked as though there might be some change in prospect for the Southwest. Snows are a possibility for western Kansas, western Oklahoma, and may even extend to Texas. Maybe for that reason first prices were somewhat lower but there is also the likelihood of a million bu or more of wheat being tendered on December contracts, and this may have had some influence, particularly on those who had December wheat to liquidate before delivery time. It appears as though about 2 million bu corn may also be tendered but possibly no oats at the start, while the question of rye will depend to some degree on the relationship of December with later months. Corn was firm and bookings for Chicago were light both rail and barge. Eastern prices continue substantially lower than Chicago. We heard that dried No. 2 yellow corn traded at equal to 9 under Chicago basis. Austria is said to be in the market on December 3rd for 2 cargoes corn of any origin, and it remains to be seen whether the purchases will be made here.

The Santa Fe crop report stressed the need of rain and spoke of a few favorite areas in western Kansas, eastern Colorado, the Texas Panhandle, and eastern New Mexico, which had received precipitation late in August, and for that reason were planted earlier than usual. However, a great deal of the land still needs additional moisture to provide anything like an adequate cover to protect the soil from spring winds. They say it will require more than normal moisture throughout the winter and spring months to enable the plants to produce with anything like an average yield.

Primary receipts of wheat today totaled 1,952,000 bu vs. 1,990,000 bu a week ago and 2,153,000 bu the comparable day of last year. The visible figures were late in being released today and, therefore, omitted from this letter. Chicago stocks of wheat decreased 123,000 bu leaving 11,759,000 bu in store in this market. Wheat afloat was unchanged and remains 1,779,000 bu. Chicago corn stocks decreased 200,000 bu, while beans increased 689,000 bu, making the total in store here 4,482,000 bu and 662,000 bu afloat.

It was reported this morning that Holland bought a cargo of hard winter wheat and Norway a lesser amount. There were also some parcels of corn worked.

According to The Southwestern Miller flour business was slack over the week-end. There were some sales made last Friday and inquiry is developing based mostly on meager backlogs.

Tomorrow will be the first tender day on December contracts. There was quite a little liquidation in December wheat. Spreading operations in corn were on a rather large scale. Spot corn was very strong with the late basis about 1/2¢ over December.

The late weather map was rather more favorable for rain or snow over portions of the Southwest late tonight or Tuesday with little change in temperature.

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CHICAGO, 4

November 30, 1954

There are various types of investors in this country, but we believe the more conservative prefer a good return on their money with safety of capital wherever possible. Of course, anyone whether he owns a security or a farm also likes to see enhancement, and from that point of view the producers of this country should really be very happy with their status in the light of what has occurred during the last ten or fifteen years. For example, in 1953, the income of the 2 million farm families which produce about 85% of our agricultural output was about $5,600 per family, or $600 more than that of the non-farm family. The equities in farm properties held by all producers in this country amounted to $140 billion in 1954 compared with $44 billion in 1940. Thus there has been a tremendous enhancement in the proprietors' assets. Of course, we have had a good deal of inflation in this period, but the President's economic report to the Congress earlier this year stated: "Even when measured in constant dollars, agriculture's financial assets today are 94% higher than in 1940 and only 11% less than in 1947." We still do not believe that any correctives that may be applied to agricultural policies lie in cutting our agricultural production while at the same time raising support prices. If we are to have greater stability of farm income from year to year, the best solution is to seek larger markets abroad, and this in our opinion can only be done under a system of flexible supports, which should be in inverse proportion to the supply.

Before our market opened this morning there were some reports of moisture in the Southwest. Snows had fallen along the Colorado-Nebraska border, with as much as 4 to 6 inches reported. More moisture is apparently in sight, and while the five-day forecast is not overly optimistic, it still would appear that there may be some further relief although it may come mostly in eastern sections of Oklahoma, Kansas, and Nebraska. Our own weather man feels that some change has occurred in the map and that we may have heavier visitation than is forecast officially.

The wheat market yesterday had rallied very largely in sympathy with stronger markets in corn and in beans. There were minor reactions in wheat at the opening and possibly early tenders of about 1,300,000 bu may have had some influence on the market for a time. One exporter told us that there was a little business passing but apparently amounts are not heavy. We heard that Australia yesterday had sold 4 cargoes wheat to the U. K., and reports had it that exporters were showing a little interest in Canadian rye yesterday although we did not hear of any actual business.

Primary receipts of wheat amounted to 940,000 bu compared with 1.2 million bu last week and 1 million bu last year. Kansas City and Minneapolis stocks show a net decrease of 244,000 bu. The visible supply for the week was a little late in being posted, but there was a shrinkage of 3.1 million bu; there is still 377.2 million bu wheat in all positions, or 72.7 million more than we had in the same positions a year ago. The corn visible showed a pretty healthy increase of 5 1/4 million bu, and total stocks in various markets amount to 37 million bu vs. 39.4 million bu a year earlier. Oats showed a moderate decrease and there is 19.8 million bu left in all positions, against nearly 17 million bu a year ago. Beans increased 504,000 bu to a total of 11.5 million bu compared with 16.3 million bu in 1953.

After the initial weakness in wheat at the opening the market firmed, and it seems there was a much healthier flour business reported. Some talk that as much as 2 million sacks or more may have been sold to bakers covering their requirements for the next two to four months, and some hedges were covered. At the same time more export business developed-- Holland purchased a cargo of hard winter wheat and Norway bought 205,000 bu wheat for last half January shipment. All this, together with some adverse weather, brought buying into the market. There were very high winds with dust in the air around Hutchinson, and the same condition prevailed at Goodland and Norton, Kansas, also in parts of the Texas Panhandle.

While the wheat market was quite strong there was not the same buying power in other pits, although corn held up pretty well, but beans after moving upward reacted on profit-taking, and the close was considerably lower. Up until noon there was 1.4 million bu corn tendered on December contracts, but retenders were only 100,000 bu, and there was about 755,000 bu rye tendered but very few retenders. Rye was weaker.

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December 1, 1954

Secretary Benson is in Chicago this morning, and just a few minutes ago he addressed the American Agricultural Editors' Association. He has made some very interesting comments, among which was that in his opinion election results proved what he has long contended-- that the farmer's vote was not for sale. He reiterated his stand that hybrid corn alone has raised the level of living more than all of the subsidies which corn-belt farmers had received during the past twenty years. He feels there is more opportunity for a farmer to boost his income today than at any time in history. He further claims that it is a fact that in no other nation do so few farmers produce so much food and fiber to feed and clothe so many at such a relatively cheap price. In our country we are eating steaks instead of rice, and pork chops instead of bean sprouts. The Secretary showed that in 1924 American farmers had harvested just under 5 million bu soybeans. This year our soybean production is estimated at a record-breaking 338 million bu, with a market value of some $800 to $900 million. Incidentally, this is a larger value than the return to the Canadian farmer on his wheat crop, which is the most important item of production in that country. The versatile soybean has a wide variety of uses, from paints to plastics, and from human food to livestock feed. Like most of our major crops the soybean is not a native American plant, but it is well adapted to growing conditions over wide areas of this country. It found a great, new, and untapped market here. He points out that American agriculture could well use another source of high protein feeds to supplement those produced from soybeans and other oil seeds. Our growing livestock population, along with the increasing popularity of such feeds, promises a ready and expanding market.

Late yesterday parity prices were published as of November 15th, and there were very few changes for non-basic commodities, although wheat was 1¢ higher, at $2.48 per bu, and corn was increased 1¢ to $1.80 per bu. The index of prices paid by farmers for commodities and services was unchanged at 262% of the 1910-14 average. It seems that declining food prices were principally responsible for reducing the index of prices paid for family living. However, some of the down-turns were offset in part by seasonally higher prices for clothing, and by a small increase in prices paid for building materials.

Very little attention was paid to this factor but the expected moisture for the Southwest had failed to materialize, and there is still considerable concern with respect to growing crops in many of the dry areas of Texas, Oklahoma, and western Kansas. The Texas Panhandle reported low temperatures of 20 degrees on the Northern Plains, a colder forecast for today and tonight but no moisture is anticipated.

Primary receipts of wheat amounted to 758,000 bu, which compared with 724,000 bu last week and 1,113,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 436,000 bu.

The wheat market was firm for a time, particularly the December delivery, and the fact that no redeliveries were made probably had some influence. There was also a little flour business overnight, and some hedges were taken out of the market. However, the bean market turned rather weak, and there was a report by one of the houses that 10 cargoes of Manchurian beans had been sold to Europe, but a New York exporter could not confirm. This not only brought liquidation into beans, but it also had some influence on other grains. Oats ran into stop-loss selling with no particular demand, with the result that weakness in oats also caused some weakness in corn. In late trading wheat prices sagged, and now that both large bakers and some of the independent ones have filled their requirements for some time, there may be a quiet period again. Independent bakers, according to The Southwestern Miller, were not as aggressive as the chains in contracting needs, but in one or two instances sales were made for 60 to 120 days ahead.

We hear that some sizeable shipments of soybeans were made from Chicago via the Lake; including the business of yesterday, there could be about 1 million bu involved. This should complete Lake shipments prior to the close of navigation.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 2, 1954

World shipments of wheat and flour during the 1953-54 season fell to 744 million bu. This is a sharp decline from the 941 million bu that had been shipped the year before and 994 million bu two years past. Actually it brings us back to the level of 1925-29 when world shipments averaged about 780 million bu annually. In fact, shipments for the last season were actually smaller than during that period when world population was ever so much smaller than it is at present. At the beginning of this century all the various exporting countries together averaged about 425 million bu, and this trade gradually grew until a peak was reached in the prosperous 1928-29 era of 928 million bu. Since that time there have been gradual declines until recent years when foreign aid programs have assumed greater importance, and, of course, the postwar period necessitated larger takings until European production had again reached more normal proportions. Of course, ex-European countries have at times figured more largely in the calculations, and during recent years rather heavy shipments have been made to Asia whereas formerly ex-European business seldom was 25% of the total quantities that went into export trade. We may find that in the coming year Europe may take larger quantities of wheat from abroad owing to the fact that wintry conditions have delayed European fall planting, and reports now stress a number of countries being unable to plant a full acreage, although some of this may be overcome by heavier sowings in spring. Nevertheless, yields from spring plantings are generally not quite as satisfactory as fall plantings.

According to Broomhall, heavy rains and floods brought seeding to a standstill in the U. K., while snow and frost in Southern Germany retarded planting. The condition in Italy is more optimistic, and a full acreage is likely for that country. Spain has had partial relief due to recent rains, but they did have a prolonged drought, and it will take a good, general soaking to aid planting of wheat which has already been seriously delayed.

There was very little in the overnight news except that Greece is now reported to have taken 6 cargoes hard winter wheat from this country, but we believe the hedges were pretty well covered. Weather was generally fair, and it is cold, although slowly rising temperatures are expected by tomorrow, but no moisture of consequence, particuarly for the Southwest. France has already sold a million tons wheat for export from last summer's crop. The price is around $1.87 CIF England for milling grades. That country raised a large surplus although wet, cold weather reduced quality to some extent, but, nevertheless, they seem to be doing afairly large business abroad. Last season their total shipments were only 44 million bu. The first cargo of U. S. wheat was shipped from New York to Turkey last week, with 350,000 bu afloat. When the writer was in Europe a few months ago, Turkey was exporting wheat, and they have already shipped about 6 1/2 million bu to other countries, but we understand that their crop this season was of poor quality and that sales comprise inferior wheat, while at the same time they are negotiating for better grades from this country and elsewhere, and there is even a possibility that some of the wheat from here may be on very favorable financial terms.

Primary receipts of wheat today amounted to 865,000 bu, which was atrifle more than last year; a week ago it was Thanksgiving. Kansas City and Minneapolis stocks so far this week show a net decrease of 578,000 bu.

There were no great swings in wheat, but the market ruled firm, and we believe it was influenced to some extent by a statistical report which was published in The Quarterly Wheat Situation by the USDA. It stated that cash prices would probably rise in the next several months, due to large government holdings of supplies. The government owns or has under price support nearly two-thirds of the wheat stocks, and there is not enough outside of these holdings to take care of anticipated needs for the balance of the season. They figure that there was only 580 million bu free wheat as of October 1st, taking into account CCC holdings plus loans.

The soybean market did not act too well, although Japan is expected to buy two cargoes of beans, and Formosa even a larger amount, according to trade advices.

One of the Chicago elevator houses is unloading wheat from a vessel, placing the grain into their warehouse, and replacing it with corn. This had very little influence on the December future, although it looks as though there may be some more deliveries.

Corn was **barely** steady; there was no particular feature, although a Northwest elevator house was quite a heavy seller at times of the May delivery.

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CHICAGO, 4 December 3, 1954

Probably the most important factor in the grain markets today is the tremendous ownership of commodities held by various governmental agencies. In the first instance, it tends to remove from commercial supplies such large quantities of grain that artificial conditions arise. However, this is tempered somewhat by the possibility that there may always be some resales from government stocks, and thus the effect is not quite the same as though we were dealing with smaller quantities, all of which were available for the free market without some definite formula as to selling. During the current marketing year CCC has made no direct purchases of wheat. However, they may fall heir to vast quantities through loans, which might be defaulted, and, indeed, they had amassed even more grains from previous seasons which were held in a more or less sterile account. However, since July 1st, the government has sold about 100 million bu wheat from its inventory either for export or domestic use. Consequently, it is a very competitive factor which cannot be overlooked. Domestic sales include about 13 million bu of millable wheat, most of which was sold at 105% of the market plus carrying charges, and about 6 million bu of out-of-condition wheat that was sold or sacrificed for feed purposes at reduced prices. The balance went to exporters, and at least to that extent has improved the statistical situation.

We may actually have a better trade for export in the current crop-year for two reasons: First, the European crop was of poor quality and because of that larger than usual quantities are expected to be used as feed. Secondly, production of wheat in Canada was far below normal and their crop is estimated presently at 299 million bu, which is the smallest yield since 1943 and less than half of either the 1953 or 1952 crops. This in itself might be very bullish were it not for the fact that a record carryover of 587 million bu on August 1st makes the total supply situation very comfortable for that country. In other words, the total Canadian supply is 886 million bu, which is certainly substantial even though it is well below the supply of 983 million bu they had on hand a year ago. Still it compares with 630 million bu in the crop and carryover figures in the ten-year average period, 1943-52. There may be some offsets in that the new crop in Canada is not only small but the quality is unusually low. Tentative estimates indicate that 55% of this year's production falls in grades of #5, #6, and feed wheat. Canada still has ample supplies of good quality wheat to meet anticipated export requirements because of the big carryover, which comprises mainly high quality grain.

It was reported early that Austria had bought 2 cargoes corn from us and this had a little influence on the market, as did also the weather forecast indicating continued dryness in the Southwest, with total rainfall for the country being practically nil. Even the five-day outlook was discouraging, and little if any precipitation is expected for the dry sections of Kansas, Oklahoma, and Texas.

Broomhall claims that the Argentine rye crop is expected to be 7 million bu greater than last season when about 24 million bu was raised. There is not expected to be any carryover of old supplies so that the new crop will be needed to take care of domestic needs and export demand.

Primary receipts of wheat today amounted to 886,000 bu compared with 1,206,000 bu last week, and 802,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 737,000 bu. When the visible supply is posted on Monday it will compare with last year's decrease of nearly 4 million bu.

There was a considerable amount of local selling in the wheat market today, and stop-loss orders were uncovered. Some yesterday's buyers of wheat switched positions, and there may also have been evening-up prior to the weekend. There was some local selling in beans, but the market found support on the break. A northwest broker was a good buyer of March corn; in fact, corn for a period held up pretty well, and closed unchanged. Flour business has assumed rather small proportions again, except in a few cases where some new business was uncovered, but mills are hopeful that at least the prevailing small volume may continue for a time even though many of the large bakers and chains have covered at least their January commitments. The spot basis for corn improved from 1/2 to 1¢. #2 yellow corn is now bringing a premium over the December future. Rye was quite weak as was Winnipeg.

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CHICAGO, 4

December 6, 1954

Rice has never been too important a crop in the U. S., although it is gaining somewhat in stature. The total acreage this season was nearly 2 1/2 million acres or nearly three times as much as was planted in the 30's. The government points out that the increase in price is related to the support program, and we dare add that higher values have also encouraged heavier plantings. While there has never been too much publicity given to rice, it is still one of the world's important food grains, and it provides the basic item of diet for more people than any other food. Normally it has provided about one-fifth of the world's food supply. Last year the world's rice production was about 85% as large as the world's wheat production. On the other hand, it is not grown extensively in all countries; about 90% of the world supply of rice is still produced in Asia. However, non-Asiatic countries have doubled their production since World War II.

The one factor which makes a large or small rice crop very important to us is that exports of wheat from the Pacific Coast very often increase when the Orient has an inadequate supply of rice, and to that extent it does absorb our attention on various occasions, although normally we almost forget that rice production is almost as important from a world wide point of view as is wheat.

Before our market opened this morning there had been reports of rain in sections of eastern and central Kansas, but nothing in the west. There was no precipitation over the week-end in the dry areas of Oklahoma and Texas, and the map does not indicate that any appreciable amounts will occur for any of the southwestern sections. Nevertheless, it should be pointed out that farmers are not pressing their wheat on the market, nor do we believe that there is very much chance of this occurring. First of all, the loan has tended toward tying up a large proportion of grain under the loan. Secondly, farm stocks are anything but burdensome. On October 1st there was only 437 million bu remaining on farms, and this was the smallest for that date since 1940. Stocks in other positions were the largest on record.

The U. S. Department of Agriculture points out that while the amount of wheat fed last season was down to about 60 million bu, that there is reason for believing that feed uses during the current season may be above 100 million bu. We recall one year when almost as much wheat was fed in this country as was consumed for food, but that of course was likewise an unusual circumstance. The domestic disappearance will probably amount to about 660 million bu, which would compare with a relatively small disappearance of 617 million bu in 1953-54. The extra amounts that will be fed this year more than offset the 5 million bu reduction for seed requirements. Other uses are about the same, including 490 million bu for civilian and military food uses. The government also forecasts that we may export as much as 250 million bu vs 216 million a year earlier, and thus our carryover reserve at the end of the crop year may not increase too much over the figure of last July.

For the 1955 crop the farmer may seed any number of acres to wheat provided that he does not harvest as grain any wheat acreage in excess of his allotment. Under such circumstances he would still be in compliance for price support, and not subject to marketing quota penalties. Heretofore compliance generally has been determined on a seeded acreage basis.

Chicago wheat stocks increased 111,000 bu during the week, this was more than offset, however, by a decrease in afloat stocks, which have declined to about 1 1/2 million bu. The total visible decreased 4.8 million bu leaving 372.4 million bu in all positions; this compared with 300.5 million bu last year. The corn visible increased 6.8 million bu to nearly 44 million bu, which compares with 40.5 million bu last season. Oats decreased 1 1/2 million bu. Rye decreased 457,000 bu, but there is still 11.3 million bu in all positions compared with only 5.6 million bu a year ago.

There was commission house selling in all pits, but beans were the weakest, and we believe this is due to the fact that export inquiry is small. The USDA calculates there was about 285.5 million bu of beans on November 1st for processing, export and carryover which is about 67 million bu greater than the quantities on hand last season. Flour sales fell off sharply over the week-end, but the market acted well and closed higher. The corn basis held up pretty well, but yet futures were weak, It was reported that Germany was asking for offerings on two cargoes of rye of any origin. This helped for a time but buying power was still rather meager.

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CHICAGO, 4 December 7, 1954

Treasury Secretary Humphrey stated yesterday that we cannot balance the budget for the fiscal year starting next July 1st. He was not sure what the final deficit would be but thought that estimates of $4.7 billion appeared to be likely. This comes as no great surprise to us as spending for various causes continues at a high rate. Our foreign-assistance programs, in one form or another, have cost the United States since July 1, 1940 to June 30, 1954, the staggering sum of $131,031,895,964. These figures come from the Treasury. They are absolutely accurate and cannot be challenged. Of this sum, more than $18 billion represents interest on borrowed money to make these gifts. These sums are in addition to military expenditures whose amounts for "security" reasons are not available. We do know that today American GI's are serving in 49 of the 97 countries outside of the United States. Pay and maintenance for the 1,680,000 Americans in uniform now serving abroad runs to nearly $10 billion. Cost for maintaining these men, their equipment overseas, and other incidentals runs to nearly $19 billion.

Before our market opened this morning the weather map showed slight improvement. Rain or snow was indicated for central and eastern sections of Kansas and Oklahoma, but nothing for the dry areas of Texas. The 5-day forecast suggested that the amounts might not be heavy but in any event there seems to be some hope for a change in isolated areas. There had also been some export business reported, Ireland having taken 13,000 tons corn, while Japan took 5,000 tons. However, a cargo of beans had been sold to Japan and a smaller amount was sold to Norway. A cargo of red winter wheat was sold also to Norway but this did not have too much influence on the market. 20,000 tons rye was sold to Germany from this country, and it had a stimulating effect on our market at the opening, but by the same token was regarded bearish in Winnipeg, with the result that Canadian prices declined.

Our Department of Agriculture does some wonderful things in the research field. They have just announced today that cantaloup fields yielded more heavily when bees were nearby; seventeen fields without hives produced an average of 161 crates of melons per acre, while 20 fields with bees nearby averaged 242 crates. Thus there was a 50% increase, indicating that bees carried the pollen and in that way stepped up production of this fruit. It shows what can be done through study and experimentation.

The University of Illinois feels that corn prices are apt to move to a moderately higher level in the next several months. They point out that the supply outside of government hands may be a bit short of market needs, but they also tell of government selling of corn, which they think is likely to continue. That authority feels that government sales seem likely to be an important factor in limiting price increases in the months ahead. The costs of holding corn on the farm will average about 3¢ a bu for three months, 8¢ for six months, and 10¢ for nine months. If a charge is made for the crib, costs would be about 10¢ per bu higher. There appears to be a reasonably good chance to make a little more than out-of-pocket costs by holding corn for a higher price.

Primary receipts of wheat were 943,000 bu, which was practically the same as last week and a little more than last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 123,000 bu.

During the forepart of the session, beans became quite weak again, and the same trade attitudes were apparent: namely, the belief that supplies were large in comparison with present demand. Despite this the market had a good rally and closed with fair gains. Wheat gave a good account of itself and needed only little encouragement to regain some of the early losses. There were no particular features outside of the export business we mentioned earlier. Milling demand was rather slow and only a trifling amount of flour was sold overnight. There was good support in oats and that market ruled firm even at a time when corn was weak.

Not too much attention was paid to the government weekly crop report as weather and crop conditions have been pretty well known for some time. However, the droughty situation in the Southern Great Plains and Louisiana-Mississippi area was further intensified by dry sunny weather. This was particularly true in northwestern Texas, western and southwestern Oklahoma, southwestern Kansas, eastern New Mexico, and to a somewhat lesser extent in southern and eastern Colorado. Strong winds on several days sapped the scant soil moisture and caused some soil blowing.

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CHICAGO, 4

December 8, 1954

President Eisenhower has recently appointed a Cabinet Committee on Water Resources to devise and coordinate a National Water Program. It is unfortunate that we have too much water in some places and too little in others. Ordinarily complaints are heard when flood areas are stricken or when drought strikes farm lands. However, any number of experts are concerned with diminishing water supplies as the total demand is rising all the time, and the average use of water per citizen in the U. S. for industrial, personal, and other needs is about 1,300 gallons daily. For example, a large paper mill requires 50 million gallons of water per day, which is more than enough to supply the day's personal needs for a city of half a million persons. It takes 18 barrels of water to produce a barrel of oil; it takes 250 tons water to make a ton of steel or a ton of sulfate wood pulp. It takes 42 gallons water to produce a pound of rubber, and it takes 1,000 gallons water to produce a pound of rayon. Every cutting of alfalfa requires about 326,000 gallons of water per acre to grow it. An acre of cotton needs 800,000 gallons of water to mature the one annual crop. That is why we must learn to conserve, and possibly even make use of every ounce of dew, such as has been one of the major developments at the University of Israel, where some farm lands receive only 4 to 5 inches rain annually.

Before our market opened the weather forecast was for mainly fair weather with little change in temperatures. It was reported that the U. K. had bought some parcels of corn and red wheat. Denmark purchased half a cargo of beans, shipment to be made from Norfolk. Formosa is scheduled to buy 27,800 tons soybeans, around the 21st of December, according to private cable advices.

There were a few small buying orders in wheat when our market opened but trade was very light, and there seemed to be moderate selling of oats early, following yesterday's bulge. Reports told of the cash corn basis weakening in Ohio and that offerings were considerably heavier at about 8¢ under Chicago basis. As we pointed out recently, our wheat exports are likely to reach the 250 million-bu mark during the current season, which would still be only about half as much as during four or five postwar years, when our shipments amounted to about one-third of what we produced. At that time we were sending the equivalent of all the wheat raised in Texas, Oklahoma, Kansas, and Nebraska into foreign trade channels. However, competition from other countries has altered this situation, but yet with cuts in acreage, crop prospects indicate decreases in production next summer even assuming that we enjoy average weather conditions, which has not been the case in the Southwest up to the present time.

Primary receipts of wheat today amounted to 847,000 bu compared with 758,000 bu last week and 667,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 246,000 bu.

The Foreign Minister of Communist China warned the U. S. today that if it persists in interfering in China's internal affairs, it must take upon itself all the grave consequences. This broadcast was the latest and strongest in a series of threats made against the U. S. for strengthening its alliance with Chiang Kai-Shek's forces. It may have had a little influence on markets for a time but selling at the last caused declines.

Broomhall's Foreign Crop Summary spoke of unfavorable conditions in Europe in a number of sections where winter wheat planting had not been completed. However, the weather has cleared in France, and the total acreage sown to wheat probably will compare favorably with last year. Stormy weather in Western Germany has further retarded plantings. There is still some hope that efforts will be made in the spring to make up some of the deficiencies that are now feared.

There was no improvement in domestic flour business, and current bookings are extremely slim, but The Southwestern Miller points out that any sharp market change would probably revive buying interest. Otherwise, mills look for continued dullness through the holiday period.

We had a somewhat better market in corn for a time but best prices did not hold and the market closed about unchanged.

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CHICAGO, 4

December 9, 1954

Since 1940, capital investment in farm machinery and motor vehicles has increased six-fold to $19 billion. For example, there are 2 1/2 times as many tractors now as there were formerly. Milking machines have increased 3.3-fold, while combines and mechanical corn pickers have increased over five-fold. With this growing mechanization farming has become big business, and in our opinion the whole farm program needs reappraisal, and possibly a fresh approach to all the farm supports and relief programs which, according to the USDA, have cost the American people over $13 billion during the last decade. It is estimated that the top 13.5% of the nation's farms account for about one-half the gross farm income. Therefore, it is quite apparent that most of the money goes to the large farmers.

Moreover, since 1935, the total number of farms had declined by 20%, while the average acreage per farm has increased from 155 to 215 acres, or a gain of 39%. Since 1920, the number of farms of 1,000 acres or more has increased by 80%. Since 1939, there has been a decline of 25% in the number of farm-workers, and of 18% in man-hours, while the output per man-hour has increased by 66%. Actually the annual increase in productivity per farm-worker has in recent years been greater than that of the factory-worker. There is no more justification for subsidies to large-scale farmers than for large corporations in business. As one prominent economist points out, no Congressional group would consider a guarantee of high fixed prices for automobiles and then take over any surplus stocks that could not be sold. Yet in principle this is being done under the farm program.

Before the opening of the market this morning there had been some moisture reported, but it did not hit any o f the southwestern areas, but extended eastward from Iowa across the corn belt, and to that extent was disappointing. The Oklahoma Weekly Crop Bulletin spoke of the critical situation which has prevailed in a large area of the State for several months, and it was intensified by another week of relatively warm weather, and no rain of consequence. Farther north, in Nebraska, winter wheat in the Panhandle area received some benefit from snow during the past week, and the plant maintained its previous high average condition. However, southwest and central Nebraska had practically no moisture. A little western Nebraska wheat does not have enough growth protection, but this is not general.

Broomhall's figures disclose that 2.1 million bu of wheat and flour was shipped from this country during the past week, bringing the total to 84 1/4 million bu since July 1st compared with 93 1/2 million bu a year ago. Canada did much better than we, and exported over 7 million bu last week. U.S. corn exports during the week were a little less than a million bu, and since October 1st we have shipped 6 1/3 million bu compared with 20 3/4 million a year ago. Soybean shipments for the week were 2.4 million bu, and since October 1st, excluding Canada, 15 3/4 million bu, which was the same as last season.

It was reported early that Japan had bought a cargo of corn, and we also had a report from Winnipeg that Ocean tonnage had been booked for a full cargo of rye to be shipped from Halifax.

Primary receipts of wheat today totaled 1,005,000 bu compared with 865,000 bu last week and 722,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total wheat decrease of 405,000 bu.

According to The Southwestern Miller a small number of bakers are replacing a portion of their current usage with flour sales, totaling daily about 25 to 30% of mill capacity, although on some days even slower. It is expected that Israel will be in the market for two cargoes of Gulf hard winters, and one cargo of red wheat, but no sales were reported today.

Wheat was rather indifferent through most of the session, but toward the end there was short covering which imparted some strength to the major cereal. As of last night the open contracts in December wheat totaled about 10 1/2 million bu with 10 days remaining for trading in the pit. The open interest in December wheat has been going down about 500,000 bu a day, so this probably will have to be stepped up.

Corn appeared to be of a liquidating nature, and was weak throughout most of the session. It was reported that Japan bought a cargo of corn. Beans advanced in the early part of the session on a reported trade of soybeans moving out of Chicago covering about 600 to 700,000 bu. It is expected to move by barge to New Orleans. Late in the session we heard there were additional beans sold out of Chicago to go to New Orleans by barge, but do not know how much additional is

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CHICAGO, 4 December 10, 1954

Late yesterday the government reported on the amount of wheat that had been placed under loan this season; 334.6 million bu is impounded, which is slightly more than one-third of this year's crop. The figure compares with 407 million bu for the like date a year ago, but, of course, this year's crop was about 17% smaller than the previous one; therefore, present figures may be regarded as very high. We must be mindful of the fact that the production of spring and winter wheat totaled 959 million bu, and with the amounts that have been taken out already for the government's support program, it leaves only 625 million bu free wheat, plus the 28 million bu free wheat in the carryover, or a total of 653 million bu. When it is considered that domestic disappearance will amount to 660 million bu, it is quite obvious that we are going to have a tight situation before another harvest. Furthermore, we must not forget that the farmer has until end of January to put more wheat into the loan. Last season between now and end of that period there was about 147 million bu involved, so that even if the figure should be one-fourth as great as it was a year ago, we may find ourselves under the influence of very artificial conditions. What we are saying will not be reflected until end of June as there are still some quantities of unconsumed free wheat available, but the mills must protect themselves by advance purchases: consequently, we may find that during the spring months prices will react upwards.

Despite some selling of CCC inventories there is at the present time $6.6 billion invested in combined farm surplus holdings, plus amounts that are under loan. This is the highest amount ever tied up under the program, and we have had the third straight month when the government's investment in all farm goods has advanced. Net losses suffered by CCC in carrying out support operations totaled nearly $200 million in the first four months of the 1954-5 fiscal year. For the fiscal year 1953-4 CCC loss was a record of $419.4 million. There was only a million bu of the 1954 corn crop under support by mid-November, which compared with 20.6 million bu a year ago. Strangely enough, 8 1/2 million soybeans had been impounded, and this is somewhat of a surprise as prices are considerably above the support level. Last year at this time more than 20 million bu beans had already been impounded. Before our market opened this morning weather reports indicated that there would be some rain in the Southwest but mostly in the eastern sections of Oklahoma and Kansas --practically nothing for Texas. In fact, our Amarillo Office advised that forecasts of high winds with dust blowing in the Panhandle are being made and no moisture of any kind indicated. The five-day outlook is not at all pleasing, particularly with the season getting late.

Early reports spoke of 700,000 bu No. 2 red winter wheat having been sold to the U.K., while Japan was reported the buyer of 2 cargoes soybeans and the U. K. also bought some parcels of corn. Offers are being submitted overnight to Israel on 2 cargoes Gulf hard winters and 1 cargo Atlantic red. Probably nothing will be heard on that score until Monday. Argentine wheat shipments for the week were 2 1/2 million bu and since January 1st 101 3/4 million bu has been exported vs. 84 1/3 million bu last year. Her corn exports since April 1st were 65 1/4 million compared with 31 1/3 million last season. Preliminary estimates are for a wheat outturn of 257 million bu compared with 227 million last year. However, based on exceptionally good yields in early sections there are some who believe that the crop may reach a figure of 275 million bu. The carryover will probably amount to 40 million bu and home needs are 140 million bu; it is, therefore, obvious that a good surplus will again be available for export.

Primary receipts of wheat today were 724,000 bu, which was a little more than last week, and also more than last year. Kansas City and Minneapolis stocks show a total decrease of 465,000 bu so far this week. When the visible supply is posted on Monday it will compare with a shrinkage last year of 3.8 million bu.

Markets were inclined to be weak, except that beans for a time felt the effects of some shipments to be made from Chicago, although they closed lower. There is about 125,000 bu of wheat that is being ordered out of our market, and will probably go to New Orleans, but this had very little influence, except possibly on the December future. In spite of the loan figures, wheat was inclined to be weak, and there was considerable selling of the July delivery, despite dry conditions Southwest. Milling demand was rather slow. The corn market tended to be liquidated, and new buyers were hesitant.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4

December 13, 1954

There are very few secrets in the grain trade when it comes to statistics, but, nevertheless, all people do not analyze figures the same. We doubt if there can be much argument in the conclusions on the basis of the data we now have on hand with respect to the wheat figures, and shall try to state our case a little differently from last Friday.

The crop and carryover last July, plus about 4 million bu we shall import from Canada, gave us total wheat supplies of 1,865 million bu. We estimate that about 50 million bu has been used for seeding of winter wheat and that in the first five months 205 million bu has been consumed for domestic flour, cereals, etc. Exports including free stocks and CCC holdings have totaled 88 million bu. On the assumption that our annual wheat feeding will amount to 100 million bu, it is fair to figure that 40 million bu has disappeared during the first five months, and on that basis it leaves us 1,482 million bu. From this point we take CCC inventory as of October 31st, which was 770 million bu. Loans to November 15th totaled 334 million bu, while re-sealings are at least 19 million bu and maybe a little larger. This is a total of 1,123 million bu. If we subtract this from the above amount of 1,482 million bu, it would give us a remainder of 359 million bu, which is the wheat outside of government inventory and loans. We shall probably require 15 million bu next spring for seeding in the Northwest, and in the last seven months of the crop year 285 million bu for flour usage, etc. Also, in the same period 60 million bu will probably be fed. These three items indicate total disappearance of 360 million bu.

It is, therefore, obvious that we are going to have an extremely tight situation in wheat even assuming that not a single bushel of free wheat is exported during the remainder of the crop year. We do believe that most of the shipments will come out of government stocks, but still there will be some clearances by the private trade. Therefore, we can only picture artificial tightness as the season progresses, and consequently, we would make our calculation on that basis. It may take time before we eat into our reserves but yet we have no doubt as to the final outcome unless the government would liquidate some of its holdings in the domestic market. This, as we understand it, can only be done at 105% of parity, plus charges, unless there is deterioration and sales have to be made in order to protect the quality.

Before our market opened this morning we heard of some moisture in central and eastern Oklahoma, also central and eastern Texas, but nothing to speak of in Kansas. Some of our stations which are located in the southwestern part of Oklahoma also report that 1/2 to 1 inch of rain had fallen, and while this does not comprise too large an area, it is, nevertheless, very promising because there has been so little relief during the past three or four months.

The visible supply of wheat showed a decrease of 3,774,000 bu which leaves total supply in various markets 368.6 million bu compared to 296.6 million bu last year. Corn increased 3.1 million bu to a total of 47 million bu, and is 7.8 million bu larger than a year ago. The oat visible showed a small decrease, leaving supplies of just under 18 million bu vs 17.2 million bu last season. Beans decreased 612,000 bu which cuts the total to 9.3 million bu vs 14.6 million bu a year ago. Here in Chicago there was very little change in wheat stocks. There is still 11.8 million bu in elevators and nearly 1 1/2 million afloat. Local corn stocks increased 809,000 bu to 10.2 million bu; in addition there is 947,000 bu in oats. There was a small local decrease in oats. Rye stocks decreased only 18,000 bu; there is 6.9 million bu in elevators and slightly over 1 million bu afloat. Beans were reduced by 717,000 bu, there is 3 million bu in elevators and 662,000 bu in boats.

Our market was rather weak after a little hesitancy early. It seems there is no outside buying at the moment; in fact, some of the locals have become discouraged and have been liquidating. This was particularly true in rye where declines were probably in sympathy with the break at Winnipeg. However, our bean market which was a little higher early, suffered when longs tried to sell. Selling by country interests is still small, and according to The American Soybean Association beans are in strong hands, and most producers have sold all they intend to until January 1st at least. A very large volume is still in storage in northern areas. In trade circles it is now felt that exports will fall below the earlier prediction of 50 million bu, as European demand will be curtailed at present level of prices. There were a few parcels of corn and red wheat sold at the Continent, but generally business was not active. Mills did an extremely small business over the week-end, and replacements are very light.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 14, 1954

There is not much consolation in telling our readers and the public that as far back as 1938: "We told you so." Nor do we even claim credit for the views we held at that time because anyone with imagination might have sensed the dangers inherent in the Commodity Support Programs. However, we do quote a little from some of our market letters of earlier years, having stated: "We believe that the retention of the present system can only lead to a complete debacle or to the imposition of controls, which will destroy the liberty and freedom of action of the farmer and eventually of the entire country." At another time we said: "There can be no dispute concerning the proposition that when government non-recourse loans on commodities are unrealistic and too high, ownership of the commodities will pass to the government by default. The failure or refusal to recognize this inescapable truth has resulted in the disastrous failure of many price-raising schemes."

The present Agriculture Administration has seen eye-to-eye with us on many of these problems, and we believe this is the reason they have chosen the path of substituting flexible supports for rigid ones. Last night Secretary Benson announced that supports for the 1955 oats, barley, rye, and sorghum crops would be reduced from 85% of parity to 70%. It has been recognized for some time that as surpluses were pyramided they exerted a depressing influence on prices of current crops, and that the necessary steps had to be taken to reverse many of the previously adopted policies. They realize it is merely a question of time until the inevitable liquidation of such surpluses must take place. This newest step was not unexpected, but yet its adoption brought to mind the obvious fact that much of the strength in markets was due to the artificial aspects of temporarily withholding surplus supplies from the usual trade channels.

Further liquidation this morning in all pits gave us a weak opening, even though there were some offsets. The weather map still indicated dry conditions in the Southwest with a few exceptions. No precipitation of consequence is looked for during the next five days, although eastern portions of Oklahoma and Kansas may have some light rain, but there is nothing in the way of relief for Texas.

New York reported that India had been granted an FOA allocation of $10 million for the purchase of wheat, while Israel had bought 2 cargoes hard winters and 1 cargo red winter wheat. In corn the business was lighter although the U. K. took a few parcels.

The government's general crop report as of December 1st stated that fall-sown grains were mostly in thrifty condition except in dry parts of the Great Plains. In the Texas-Oklahoma wheat area much dry-land wheat is in precarious condition; while Kansas wheat came up to a good stand, it has started to decline because of light surface moisture. Nebraska wheat is flourishing but as in all the central and northern Great Plains and in Missouri rain is needed to condition fields for wintering.

Primary receipts of wheat today were 1,213,000 bu compared with 943,000 bu last week, and 837,000 bu last year. Kansas City and Minneapolis stocks show a total decrease this week of 74,000 bu.

Our markets were mostly on the weak side, and confidence was again shaken by the overnight announcement, but after all there was nothing too surprising in the information divulged, and corn apparently has recovered already, so with lighter receipts, estimated at only 64 cars, the market not only held up but had a pretty fair advance. Rye was probably the weakest of any of the cereals, and it requires export demand in order to be of benefit to the market. Nevertheless, the price is low compared with other grains, and we regard rye as one of the cheapest of food grains. A few small parcels of Canadian rye were sold to Holland, but even futures at Winnipeg were considerably lower, although that market did recover some from the low point of the day. January beans were relatively stronger than the other futures, and the market ran into some stop-loss orders, but undoubtedly the recent shipments from here have influenced the nearby month. Flour demand continues slow, and mills are not pushing actively, but one way or another we feel that the domestic disappearance of flour will be pretty constant this season, although it is not increasing much considering the enlarged population. There was some red wheat loaded out of Chicago by barge -- 121,000 bu being involved, and also 72,000 bu of hard wheat which is moving southward.

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CHICAGO, 4

December 15, 1954

The announcement by the Department of Agriculture yesterday that CCC price supports for oats, barley, rye, and grain sorghums in 1955 would be cut to 70% had considerable market effect, even though the trade had been forewarned of this development. The price support for these small grains has varied widely in past years. In 1953 and again in 1954, the loan was 85% of parity but before that time and during the approximately fifteen years when supports have been used for this group of commodities, the rates of support have at times been as low as 44% of parity for barley, 35% for grain sorghums, 69% for oats, and only 38% for rye. The lower supports just announced are expected to encourage better adjustment and freer flow of the four grains into feed use.

We must never forget that high artificial prices discourage domestic consumption. This is strikingly indicated by the sharp shrinkage in per capita consumption of butter from 17.2 lbs in 1939 to 8.7 lbs in 1953. During the same period the per capita consumption of margarine increased from 2.3 lbs to 8.2 lbs. In other words in a decade and a half the sale of butter per capita has been cut in half, while that of margarine has been increased 3.5-fold. The Administration believes that too high a guarantee for farm products is unsound in principle, disastrous in practice, and harmful to those it is designed to benefit. When prices were held above world levels (even with subsidies) we have in part cut or destroyed export markets, thus adding to our ever-growing surplus of basic commodities. It would have been folly, indeed, to have continued a system which aggravated the evil instead of providing some relief.

Before our market opened this morning there was no moisture reported in the Southwest, nor did the map indicate any prospect for relief. During the week winter wheat in Kansas made no appreciable growth over the major portion of the State due to dry topsoil and lower temperatures. The prolonged dry weather, according to the Kansas weekly report, left soil quite loose, and susceptible to soil erosion, particularly in late-planted fields.

Broomhall's Foreign Crop Summary spoke of spotty moisture conditions over Europe; some areas reported too much rain for seeding, while a few sections, notably Spain, say that the rain has been scanty. A good deal of fall acreage could not be planted in Britain, although seeding has been completed in France. Early estimates indicate an expansion over last year with satisfactory germination. In Germany, the early-seeded wheat shows healthy condition, although late-sown is less favorable, and there has been much yellowing because of excessive moisture. In Australia a wheat crop of 141 million bu compares with marketable supplies last year of 182 million bu wheat. Yields in Argentina are very satisfactory and corn is making good progress.

Not much attention was paid to a report that the U. K. had purchased half a cargo of red wheat. It seems that CCC yesterday sold 65,000 tons No.2 red winter wheat, of which 40,000 tons is destined for Yugoslavia and 25,000 tons to the trade.

Primary receipts of wheat amounted to 985,000 bu which compared with 847,000 bu last week, and 532,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 253,000 bu.

Our **wheat** market gave a little better account of itself during the early part of the session, but later on there was local selling and some reactions occurred. Late reports had it that a total of two cargoes of red winter wheat were sold to U.K., but even that failed to stimulate much interest. Flour sales were rather slow, and the daily average is about one-third of milling capacity, but often around the Christmas period we find this dullness.

Spot corn traded at 1/2¢ to 1¢ over December, but the futures market was rather indifferent following yesterday's advance. Chicago receipts were a little heavier, but trade on the whole was rather small.

Deferred bean futures found difficulty in maintaining a price level above the previous session. January beans continued to bring a good premium over later deliveries, and some of this strength undoubtedly reflected a sale of some beans in store at 1/2¢ over. It is expected that some more barge shipments are being made to fill export sales, and if this is the case we may find that local stocks will be reduced below the 3 million bu mark. This does not augur well for carrying charges, and it has already prompted some hedgers to go into the later months. Rye was very weak.

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CHICAGO, 4 December 16, 1954

There was not much grain news overnight. It had been mostly dry in the Southwest and we talked with one party in Oklahoma, who reminded us that recent rains in the southwestern part of the State would probably hold the wheat over for another thirty days. But he also explained to us there were so many other dry sections that the outlook was not good at this time. There is some rain forecast for the eastern part of Oklahoma and the eastern part of Kansas, which may also hit some northern tier counties, but elsewhere there is little promise of relief. Eastern Nebraska may receive some rain but we have not mentioned that in the same breath for the reason that conditions in the latter State are considerably better than in Texas, Oklahoma, and Kansas. There are high winds and dust storms in parts of the Texas Panhandle, and that State is particularly bad, but surprisingly enough the market has not responded much to this type of news.

Secretary Benson stated that the administration is considering direct trade of some farm commodities with Iron Curtain Countries. He thinks that this should be done, so long as the trade is in our favor. It is difficult to say what type of business may be put through, although some people are of the opinion that at the start at least it will encompass mainly butter. It is a fact, however, that the grain harvest in Russia was not good and they have already indicated that they may buy supplies on the outside although it is all held very secretly, but there have been intimations that Argentina may either sell or barter some grain directly or through a middleman. Even the potato crop in Russia was a poor one, and while most of their statistics are veiled in secrecy, some information has leaked out.

We have pointed out in several of our market letters that farming in this country is now a big business. There are approximately 5.5 million farms in the U. S. but 2 million of the larger, highly mechanized units produce 85% of our agricultural output, and in turn receive the bulk of whatever advantage there may be in price supports. President Eisenhower pointed out that individual production of the remaining farms, numbering about 3 1/2 million, is so small that the farmer derives little benefit from price supports. What this really means is that somewhat more than a third of the farmers, constituting large-scale units, receive all but 15% of the benefits. The Shinner Foundation pointed out recently that if some men want to make a business out of farming instead of a way of life, they should do so at their own risk in the markets; in other words, they should earn only what their efficiently produced surplus will bring in a free market. It has been suggested that since much of our trouble apparently stems from large-scale farm operators, the government should set a maximum amount of benefit which they receive each year, and certainly no more than is now received by the average small farmer. Under such a proposal it would not only cut down sharply on government farm subsidies, but it would also go a long way toward minimizing farm surpluses, and by the same token remove much of the economic pressure from the small farmer.

Primary receipts of wheat today totaled 985,000 bus vs 1,005,000 bu last week, and 695,000 bu last year. So far this week Minneapolis and Kansas City wheat stocks show a net decrease of 337,000 bu.

Several reports were received today of high winds and dust in areas of Kansas. Weather indications are for probable showers in northern and eastern Kansas, eastern Nebraska, and Oklahoma tonight or Friday, but fair over the western sections.

New flour business continues to be very quiet, with sales apparently limited to spot and early needs. It is reported that Greece has posted notice of purchases of around 155,000 tons of wheat to be made January 18th and February 1st; also that Turkey shortly will enter the market for 70,000 tons wheat. However, overnight there was no export business reported.

January beans continue to show strength. Selling from the country is on a limited scale, and attention is being paid to the amount of beans which is being shipped out of Chicago. According to eastern advices Ohio corn is being offered at 9¢ under Chicago December, basis Chicago. Oils derived some strength today from the fact that the Secretary of Agriculture, as reported in the forepart of this letter, is considering direct trade with Iron Curtain Countries, and in some quarters it is believed if this trade develops it may be in the nature of butter, which was contemplated earlier in the year.

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CHICAGO, 4

December 17, 1954

The Commodity Credit Corporation owns at the present time, either outright or has under its control through loans, approximately $7 billion worth of farm commodities. This is equivalent to nearly one-fourth the value of our total agricultural production for an entire year. Until some of these surpluses are reduced substantially, agriculture will not be without its price problems. We think this is one of the reasons that Secretary Benson recently cut the support level of oats, barley, rye, and sorghums to 70% of parity. He also eliminated cross-compliance and allotments on potatoes and vegetables from the 1955 program. In other words, next summer farmers will have the same freedom to use diverted acres as they did in 1954. It is extremely difficult to police such activities, and it would cost in the neighborhood of $3 million in administering such a program, plus the fact that many producers have expressed overwhelming opposition to these controls.

The Secretary spoke recently before the American Farm Bureau Federation in New York City. It is difficult to quote too much of his talk in a market letter of this kind but one paragraph is outstanding, and is repeated here: "We have been learning the hard way what our forbears knew instinctively: that government had best leave to private enterprise those functions which private enterprise is willing to undertake and can most efficiently perform. Through experience and at considerable expense, this Nation had rediscovered the vital fact that when government attempts to do what the individual can do for himself, private initiative is undermined, our free institutions suffer, and the very moral fiber of our people is weakened." To say that farm groups or farm organizations are not in accord with his philosophy would be incorrect, for in their own words the American Farm Bureau Federation made this statement: "Under our free choice system we have more widespread educational and religious opportunity; more and better housing, food and clothing; work fewer hours for our goods and receive better goods in return; and have more services available for all than is possible in any other nation of the world. It is our constant challenge to work vigorously to maintain this system and the freedoms, the spiritual morality, and high standards of living it has provided."

Before our market opened this morning there were reports of light moisture in central and eastern Kansas, but the five-day forecast is still quite pessimistic, and no important relief is yet in sight. We also had advices from New York that Holland had purchased a cargo of No. 2 hard wheat, February shipment, via the Gulf. This did not bring much hedge lifting into the pit, but nevertheless any foreign business is always encouraging. Japan is suppoed to have bought 32,000 tons U.S. wheat on the West Coast , which amounts to about 3 cargoes, and they also purchased 5 cargoes Canadian wheat. However, Japan is scheduled to buy some more wheat here later in the month. There is also talk in the trade that Turkey is to receive a large quantity of coarse grains from us, and the figure mentioned is as high as a million tons. This may include some oats and it is pointed out that our government holdings are not large. A few more beans were sold by country shippers in Central Illinois. They could be barged to Chicago and would cost about Chicago January price delivered here. However, they probably will be sent down the river for export at a much cheaper level than Chicago delivery basis.

Primary receipts of wheat today amounted to 902,000 bu which compared with 724,000 bu last week, and 662,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 325,000 bu. When the visible supply of wheat is posted on Monday it will compare with a decrease last year of 622,000 bu.

The wheat market was strong, and underlying conditions are bullish, not based on statistics, but on the quantities which are under government domination. There was considerable local buying in the pit today, and the December future continues to be strong. A little more flour was sold in the Northwest, but other business was of small proportions.

Corn was firm, particularly the nearby deliveries, but there was no great issue, and possibly most traders were awaiting the government report which is to be issued after the close.

In beans there was considerable back-spreading, with the result that the nearby months were weak, while the distant futures were relatively strong. Some people look for a slight reduction in the government estimate, but this is merely guesswork. There was, however, a little better country selling, and this was true in the Northwest, as well as in our local territory. Rye and oats were both higher.

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CHICAGO, 4 December 20, 1954

After the close of the market last Friday the government report was published and despite acreage restrictions for several important crops, and severe drought in a large part of the country, we had the fifth largest crop production of record. New highs were set for soybeans, rice, sugar beets, and oranges, although outturns of oats, barley, sorghum, alfalfa, and a number of other items were also near record. This offset losses that were sustained elsewhere. It is truly fortunate that we are able to make such strides as the census projections indicate that there may be 200 million Americans by 1970, which would be an increase of 37 million over today. During this same period our farm population is likely to fall below the 20 million mark, which would compare with 22 million as of now. In the U. S. we have approximately 8.5 million farm workers; each of them turns out enough products to meet his own needs and those of seventeen additional persons. Our farm workers do even better in that they provide the people with an infinitely more varied and nutritious diet than that of other countries, and we are probably eating better today than ever before. Not only are we providing this great abundance for our own people, but about $3 billion worth of farm commodities that go for export each year. Even after these vast needs have been satisfied, there is still some to spare for government storage. The wheat crop is nearly 10 million bu larger than the previous estimate, and corn yields are 26 million bu greater. Neither of these items caused much surprise, although a somewhat larger bean crop, nearly 5 million more than had been estimated earlier is a record for all-time, and until we have a larger export outlet, there may be problems.

After the close of the market today we shall have another report indicating yield acreage and condition of winter wheat and condition and acreage of rye, and these figures will probably be bullish owing to the fact that we have had lack of rainfall over large sections of the Southwest. Furthermore, acreage has been further restricted. There were about 354 million acres planted to the fifty-nine principal crops last season, which was 6 million acres less than in 1953 and 5 million below average. It reflects reductions of over 22 million acres in wheat and cotton, mostly because of acreage allotments. However, this was offset in part by sharp increases in oats, barley, sorghums, flax, rye, and rice.

There was no rain in the Southwest over the week-end, nor is any indicated. There had been moisture in northern parts of the corn belt, but this was not particularly needed.

Turkey is expected to be in the market soon for 7 cargoes soft wheat and 2 cargoes rye, also some barley. According to The Northwestern Miller, it is estimated that India may take as much as 660,000 tons U.S. wheat this year under one of the several avenues of export subsidization or grant. However, some authorities in India believe that requirements are only for about half that quantity, of which approximately 14 cargoes were authorized for purchase by India last week under FOA.

Chicago wheat stocks declined nearly 600,000 bu during the week, leaving 11 1/2 million bu in elevators and a little over 1 million bu in boats. Corn increased 424,000 bu to 10.6 million bu in store, but there is nearly 1 million bu also afloat. There was a small decrease in oats, leaving only 2.1 million bu in elevators, plus 1/2 million bu afloat. The local bean stocks decreased nearly 1/2 million bu, leaving only 2 1/2 million bu here, plus 662,000 bu afloat. The U.S. visible was late in being posted.

Markets were rather dull today, but in spite of the bearish bean report the market received some support on the setback. It was reported that France was inquiring for a cargo of American or Manchurian beans for December-January shipment. Also offerings are submitted to Formosa on nearly one million bu. There was also a little local buying, but commission house trade was small. Flour sales were almost at a standstill, according to The Southwestern Miller, and this is not unusual around the holiday period. Practically the only business was in scattered lots to bakers and jobbers, who were buying for immediate requirements. Corn had a better undertone, and the market advanced about 1/2 to 1¢ per bu, with very little pressure, and it was reported that offerings by farmers to the East of us had subsided tosome extent, although resales were still being made at comparatively low prices without attracting much attention.

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CHICAGO, 4 December 21, 1954

After the close of the market yesterday, the Department of Agriculture made its first estimate for the 1955 winter wheat crop. They used an acreage figure of 43.4 million, which was a little more than had been anticipated, and a condition figure of 86.6%, which would give us a yield next summer of 679 million bu. This compares with actual production last summer of 790.7 million bu; so it is a cut of 14%. However, they are looking forward to an acreage reduction of about one-sixth, that is to say, a heavy loss between the planted and the harvested areas. Some of this will be taken out of wheat to comply with acreage allotments, the balance will be abandoned. because of weather or plant ailments. Therefore, the present figure is tentative but if we accept it at its face value and assume that 200 million bu spring wheat will be raised, it will give us total production of about 880 million bu. A crop of this size might lead to a slight reduction in the wheat surplus, since latest estimates allow for 660 million bu to be used for home consumption next year, possibly 250 million exports, or total disappearance of 910 million bu. Officials were quoted as saying they were happy that next year's wheat crop would not be large enough to meet anticipated domestic and export demand. They are not so much pleased over the shortage but rather that we are making some inroads into accumulated surpluses, and it will be the first time in five years that a wheat crop has not added to the carryover reserves.

In all government calculations normal weather conditions are assumed from this point onward, but at the present time the outlook in the Southwest is still not good. It was again dry overnight with no likelihood of precipitation during the next five days. On the other hand preliminary figures on winter wheat are very often conservative. The 1953 crop turned out 270 million bu larger than the December estimate, while last year's production was 40 million bu greater. The yield per harvested acre is naturally much larger than the assumed yield on the sown acreage, and if farmers have planted a larger area than they intend to harvest, they still have the privilege of plowing up the fields with the poorest prospects, so that at present there is a good deal of guesswork as to the final outcome.

Denmark bought 2,400 tons soybeans for January shipment, according to trade advices, and the expected bean business to Formosa materialized with the result that opening prices were somewhat higher. It is believed that exporters may have anticipated this business and bought either cash or futures previously. It was also reported that Japan had purchased 22,000 tons #2 western white wheat for last half January first half February shipment.

Primary receipts of wheat amounted to 1.1 million bu which compares with 1.2 million bu last week, but only 422,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 3,000 bu.

There was not much feature to the wheat market. It started off on a firm note, but soon reacted on profit-taking, and may have been influenced to some extent by the great weakness inrye. The government yesterday forecast a rye acreage of 5 million acres compared to 4. million a year ago. The condition was also 7 points higher, and it seems that the large areas sown is due to the increased need for rye as a pasture crop instead of grain in the areas that were hit by drought last summer. In any case, the rye market both here and at Canada weakened. It was also reported that CCC had sold 400,000 bu of rye to exporters of which 300,000 bu were at Duluth and 100,000 at Minneapolis.

Corn was weaker, and buyers of barge corn along the river increased their bid 1¢ per bu last night, with the result that substantial amounts were booked. A fairly substantial amount of corn sold out of Ohio this morning at 8 1/2¢ under December-Chicago basis.

Flour sales proceeded at a conservative rate, according to The Southwestern Miller.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 22, 1954

Our farm population in this country declined by some 8 million persons between 1933 and 1952. This was far greater than during any similar period in our history. We doubt if there are any political implications for this change, but rather technological developments by which efficiency has increased to such an extent that it has taken fewer farmers to produce our crops in sufficient volume to give us all we need at home and still allow for generous exports. It is, indeed, fortunate that our "Founding Fathers" were not compelled by rigidity to write into the Constitution any provision which would have established an inflexible ratio between the number of farm and city people in the U. S. The mere fact that farm-dwellers could move to the cities as they saw fit has brought about a situation where we have 141 million city-dwellers and 22 million rural residents instead of the other way around. It is because of these flexible features that we have been able to survive. Just think what a nation this would have been if we had written into the law a formula by which today there would have been 141 million farmers and only 22 million urban residents. During the next fifteen years we shall have to increase our total agricultural output by approximately one-fourth in order to provide for each of our new citizens the same kind and amounts of food available to the average person in the U. S. today. To accomplish this we are going to have to expand production from roughly the acreage that is now under cultivation. It is true that we may bring some new land into agricultural use through irrigation and reclamation each year, but even though these gains may be appreciable at times, they are offset by the farm acreage which is lost as the population of the cities overflows into newer suburban developments.

Before our market opened this morning, there were reports of dry weather in the Southwest with little chance for moisture except possibly freezing rain in eastern sections of Kansas, but even the hope for that relief is not too great, according to our private forecaster. Nevertheless, not too much attention is paid to weather at this time, as the recent government report indicated a fairly optimistic picture considering the drought, and some people reason that if we have sufficient winter snows, there may still be a fairly good crop next summer considering the reduction in acreage.

Broomhall's cable from India claimed that the wheat which had been planted during October and November needed rain urgently, and that present weather was mild and the early-seeded wheat had germinated well. The Commonwealth statisticians estimated this season's Australian wheat crop at 155 million bu. This would be a reduction of about 44 million bu from the yield of last season and would be the smallest crop since the drought year of 1946-47.

Primary receipts of wheat today amounted to 697,000 bu which compared with 985,000 bu last week, and 522,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 123,000 bu.

Markets firmed up after yesterday's liquidation and going into the opening this morning there was 3.8 million bu of December wheat still to be liquidated or delivered. Apparently shorts were aggressive and covered, as there was no particular pressure from longs until very late in the session.

The Nebraska Weekly Crop Report spoke of high winds during three days of last week, which were severe on the winter wheat crop, especially in the western part of the state where soils were light.

There was very little doing in the flour trade, and it was more or less of a holiday market.

Corn was likewise higher influenced by the strength in December. The FOA announced that it has authorized a shipment of 150,000 tons of U.S. wheat to Yugoslavia to help relieve food shortages owing to the crop failure in that country. This may have had something to do with the upturns. The fall pig crop was 16% over a year ago, while the 1954 spring and fall crop was 13% over the previous year.

Norway purchased about 3,500 tons #2 red winter wheat, but elsewhere it was rather quiet.

Beans failed to share in the general upturn, and it is felt that country offerings will be heavier after the turn of the year. Bookings of both beans and corn were light, including rail and barge shipments. Bulges in rye failed to hold.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

December 23, 1954

This is the season of the year when people dedicate themselves to the finer things in life. It is likewise a time when we reflect upon the many blessings that have been bestowed upon us. Our country, which is comparatively new, has come a long way in a short time. It has been converted from a wilderness into a mighty industrial empire, with living standards far superior to those of any other major country in the history of civilization. Natural resources have been in part responsible for this great development, but certainly not entirely, for those resources were here when the Indians roamed the territory and eked out a precarious existence. This miraculous accomplishment was brought about mainly by the creative talents of relatively few men, who, operating under a system of free enterprise and democratic government, were spurred on by rewards for achievement.

This past crop-year has again brought to mind the great technological development in agriculture. Despite smaller acreage and a severe drought over a large part of the country, this year's was the fifth best crop in our history. We also had heavy losses of acreage, that is to say, the difference between planted and harvested totals, which amounted to over 17 million acres. This, with one or two exceptions, was the greatest loss since 1939. Regardless of this we had a winter wheat crop of 791 million bu, and the yield on harvested acreage was the second highest of record. Farmers in the Northwest did not do well, however, and the spring wheat crop was cut to 179 million bu, which was the smallest since the drought year of 1936, with one exception. Nevertheless, we are adding again to our wheat surplus even with the heavy exports that are likely during the current season. The nation's oat crop now estimated at 1,500 million bu is nearly one-fourth more than the production in 1953, and is one-seventh more than the ten-year average. Actually, this is the second largest crop of record. The same showing was made for barley, with total bushelage of 370 million compared with last year's crop of 243 million. Despite drought conditions we raised a sorghum crop of 204 million bu, which was of near-record proportions. Together with the carryover stocks we have a larger supply on hand than ever before in our history. The corn crop did not turn out well, having missed the 3 billion bu level that had been attained in eight of the past twelve years. Hot, dry weather over much of the southwestern areas prevented proper pollenization and cut the yields. Thus large quantities had to be utilized for silage and forage in many areas. In spite of this we are raising almost as much as we are consuming and no shortages will be experienced owing to the large carryover stocks from previous years.

Total farm assets amount to $156 billion, while debts total $16.7 billion, so that net worth of all farmers is $139.3 billion. This is even a better showing than one would imagine at first glance because only 15% of our population today lives on farms while a century ago 70% of the people farmed and only 30% were city-dwellers.

Our wheat market advanced substantially today as a result of further dry weather in the Southwest and no forecast for moisture. In fact, the July and September futures went to new highs for the season. The advances in our opinion were fully justified because of the artificial tightness which is apt to develop with comparatively small quantities of wheat in the free supply. Exports of wheat and flour during the week were only 2 million bu, and for the season have totaled 92 3/4 million bu vs 99 million bu last year. There was a fair amount of short-covering and pressure was extremely light. We think in back of all this is the realization that artificial factors are bound to make themselves felt as time goes on.

The Kansas Weekly report spoke of some blowing which occurred during the period in western areas, and this caused damage to wheat, particularly a few late planted fields. France purchased 8,000 tons of soybeans and the U. K. bought a few parcels of corn.

Corn was barely firm but there was no special feature. The rye market, which has been pretty well liquidated, had a better undertone, probably in sympathy with wheat, and, of course, rye is the cheapest of all cereal grains. There was some local buying of beans but trade was not heavy.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 27, 1954

In the ten years prior to World War II average wheat production in this country amounted to 740 million bu. At that time we consumed 479 million bu for food, 81 million bu for seed, and 117 million bu for feed; so total domestic disappearance averaged 677 million bu, and there has been no increase since that time, despite the great growth in our population. Our export shipments during the former period were small, and there was no need for raising larger crops. A great change has come across the nation since that time, and the last ten-year average production of wheat shows a figure of 1,121 million bu, so that at the present time wheat production is 381 million bu greater than it was before the war. Of course, our exports are also larger although they have fallen from the peak figures of about 500 million bu, which occurred in the 1946-47 and again in the 1947-48 crop years. Since 1944 we have raised more than a billion bu each year except in 1951 when the yield was nearly 20 million bu beneath that mark, and for next summer indicated production will be 970 million bu based on the December figure that was given to us late last week.

It has been very dry in the Southwest, and notably so in Texas, where the forecast is for a winter wheat crop of only 21.5 million bu for next summer compared with 57.2 million bu average. In Oklahoma the yield is given at 44.3 million bu vs a ten-year average of 75.6 million bu. The prospect in Kansas is down to 151 million bu, while the ten-year average production for that State was close to 204 million bu. Thus much will depend on future weather and when some rains were reported over the week-end in some sections of Oklahoma and Kansas, our market immediately reacted following new-crop highs that were established on Friday. The forecast is reasonably optimistic with some rain or snow likely in Kansas, Oklahoma, West Texas, Nebraska, and Missouri today or tonight. In fact, the Weather Bureau issued heavy snow warnings for south central and northeast Kansas, Northwest Oklahoma and the extreme southeastern portions of Nebraska and northwest parts of Missouri. Our own weather man is not quite as optimistic with respect to this precipitation but we shall know by tomorrow how beneficial the rain or snow has been.

The American Soybean Association spoke this morning of the small amounts of beans which had been marketed in some of the Illinois counties-- by end of November only 23% which compared with 52% at the same time last season. The National Soybean Processors Association stated that its members had crushed 19.1 million bu soybeans during November. On that basis we estimate that the total crushed for the month would be about 22.4 million bu. Government officials point to the magnificent contributions which the soybean has made to the expansion of our animal economy. It has brought down consumer prices of meat and poultry and thus improved the national diet. Our exports are still likely to be 50 million bu for the current crop-year although high prices have turned interest to Manchurian soybeans. Europe has made some purchases there; Japan has concluded deals with Red China for part of their total 20 million bu requirements. Soybean oil meal and CCC cottonseed oil have replaced soybean needs in some European areas.

When the visible supply of wheat was posted there was a decrease of 1 3/4 million bu, corn increased 2.7 million bu, oats decreased 656,000 bu, rye showed a decrease of 248,000 bu, and soybeans decreased 830,000 bu. Here in Chicago the wheat stock is 11.8 million bu in elevators, with 716,000 bu afloat. The corn stock is 10 1/2 million bu in elevators, plus 1.7 million bu in boats. There is only 1.6 million bu of oats here in Chicago, together with 580,000 bu in bond. The bean stock totaled 2.2 million bu in elevators, and 662,000 bu afloat.

Wheat was weak right from the start, and while there were some recoveries later on, the reports of rain that came during the session tended to discourage buying. It was snowing lightly at Hutchinson, drizzling at Independence, Kansas, and there were reports of rain at Hobart, Oklahoma and Wichita Falls, Texas. Chances are that some of the southwestern parts of Oklahoma were also benefited. There was rain reported at Enid, and the Fort Worth local forecaster expects good moisture in the Texas Panhandle and over western Oklahoma. Late in the session Wichita wired that it was snowing quite heavily.

The strength in beans was probably due to an estimate that despite the large crop the carryover reserve next fall would be down to about 5 million bu. Corn was also firm, and receipts of free corn were rather small. It is now figured that Argentine wheat crop will probably be somewhat larger than last year. The Australian harvest is officially estimated at 155 million bu, but with the carryover of 93 million bu, they will have a total supply of 248 million bu, of which about 73 million bu will be needed at home.

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CHICAGO MERCANTILE EX.

December 28, 1954

There can be little doubt that the new farm law-- The Agricultural Act of 1954-- will bring about notable improvements in distribution and prevent the accumulations with which we have been worried during so many of the last years. Balanced production is always necessary for agriculture and there are many ways in which this can be brought about. For example, we could live like the Asiatics, where a few pounds of cereal grain served as meal, mush, or bread might provide enough calories to keep a man going through the day. However, it takes about seven times as much cereal in the form of pork chops or a sirloin steak to provide the same nourishment. It is, of course, through such livestock foods that all of us are consuming increased proportions of corn and other grains produced on our farms. Putting it in another way where one acre of wheat might give sustenance to seven men who would live by bread alone, this same plot of ground would provide for only one person if the grain were converted into meat and other livestock products. Living as we have in a prosperous era, it has been possible for all Americans to enjoy a more varied diet, and inevitably we are forcing greater emphasis upon animal agriculture with the likelihood that the per capita consumption of meat may increase still more. Total livestock numbers in the U. S. are now at an all-time high. In the years ahead they must increase at an unprecedented rate if we are to meet the needs of an expanding population, which demands more and more of the highly nutritious animal and poultry products.

However, we are not waiting alone for time to heal the wounds in connection with our surplus problem. While it is undoubtedly true that within a few years, perhaps by 1970, there will be 200 million Americans to feed in this country, we have more immediate considerations. We all know that by that time we shall have to increase our total agricultural output by approximately one-fourth in order to provide for each of our new citizens the same amounts of food available to the average person in this country today. Our Agriculture Department feels that under the new Agricultural Act, flexible price supports for basic commodities will permit us to work toward better balanced production. The new farm law authorizes the "set-aside" program of up to $2.5 billion worth of surplus farm commodities to take some of the pressure off free market prices. Already 400 million bu wheat and a million bales of cotton have been placed in the special reserve.

The 83rd Congress has provided broad authority to move surplus commodities into channels of consumption, both at home and abroad. There will be about $700 million worth of farm goods exchanged for foreign currencies over the next three years. Commitments have been completed totaling more than $150 million under this law and contracts are being negotiated involving an additional $250 million. The same measure permits us to donate up to $300 million worth of surpluses for relief and charity purposes. Congress has authorized the use of up to $50 million of CCC funds annually for two years to increase oonsumption of fluid milk by our school children. Through an agreement with CCC the Armed Forces are increasing the milk ration of our servicemen, and at the same time additional quantities of butter, cheese, and dried milk are being made available to them.

Statistics did not count for much. Primary receipts of wheat of nearly 1 million bu were slightly less than last week, but considerably more than last year.

We understood there are some large amounts of oats and barley to be shipped out of Minneapolis for export. This was previously property of CCC but was sold to the trade with the stipulation that it was to be exported. In any case, it caused some buying in our market, and oats were quite strong.

In wheat there was a fair amount of flour business; apparently one of the leading industries covered hedges in the pit, which carried the March and May futures into new high ground for the season. The government approved foreign aid authorization of $10 1/2 million to Western Germany for the purchase of bread grains, and we also promised to grant Yugoslavia 850,000 tons of wheat to tide her over a critical shortage into the next harvest. All this engenered bullish enthusiasm, and there was quite a little investment buying.

Moisture over the western areas of the Southwest was disappointing, but central and eastern sections had relief, and more is in prospect, according to the five-day forecast. Some of our own country stations in southwestern Oklahoma had 2 inches of snow on the ground, with the prediction of 4 to 5 inches by nightfall.

France bought a small quantity of soybeans for January shipment, and Formosa did the same, while Denmark bought 6,000 tons of our rye against FOA funds. The whole list was strong including beans,

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CHICAGO MERCANTILE EX.

December 29, 1954

The Price Support Program will probably cost this country $750 million for the year and this will break the previous record of $420 million in the fiscal year 1954. Most of the losses were incurred through the sale of farm goods, but, of course, storage costs and other losses helped to swell the total. There have been any number of give-away programs inaugurated, as well as cut-rate sales, but Secretary Benson was of the opinion that this was all necessary to reduce the hoard of surplus goods which have been accumulated because of the fact that in many cases rigid supports put such a heavy loan on CCC's borrowing authority. Despite all precautions that have been taken, holdings are still being piled up. There may be as much as $8.5 billion of farm crops under government shelter by early next year, and with some perishable goods accumulated officials have figured that it was the better part of valor to cut down the stock of dairy goods in order to prevent serious deterioration. Under the broadened power granted by the Congress, Mr. Benson has arranged to give away about 400 million lbs butter, cheese, and dried milk to welfare outlets both here and abroad.

In view of the fact that our population is growing by leaps and bounds, we have to think of the future as well as of the present. Farmers were told during the war to increase production in order to take care of increased demand and they are being told again that they must think ahead so that their operations are geared for the increased production of food and fiber which our rapidly growing economy will require in the future. Many of the goals we are seeking cannot be achieved in a day or a week, or even a year. For example, an average dairy herd does not become superior in a matter of months. This transition requires years of scientific breeding and sound management. Depleted soil which has been systematically farmed over an extended period will not regain its fertility the moment a planned conservation program is inagurated. Thus we have a two-edged sword. In the first instance we are cutting acreage and reducing production at a time when surpluses are burdensome and yet striving to maintain our resources for the period ahead when we shall need a steady annual increase in our agricultural production to match the growth in population. We should also realize with limited territory the production of the future must come from largely the same acreage which we now have under cultivation.

Before our market opened this morning there were reports of further rains, and in some cases snows over parts of the Southwest. Unfortunately, most of this precipitation was in the same places which had been benefited before-- that is to say, the central and eastern sections, with not much help in the west. Reports were somewhat confused and we heard over the radio that cars were stranded in parts of Texas and Oklahoma, where previously dust had been blowing. For example, Oklahoma City had 3 inches snow, Frederick 6 inches, and many other stations lesser amounts of moisture, but in any case there has been some improvement, and the weather map has changed from the extremely dry character to one of greater optimism. West Kansas, where fields were largely unprotected, recorded zero and subzero temperatures, which, of course, might make the abandonment heavier than when normal conditions prevail.

The Nebraska weekly crop report mentions that winter wheat in counties bordering on the Nebraska-Colorado line received the benefit from a three-inch snowfall. There were a few reports of damge to wheat from winds on the light soils, and a few spots where top growth had not covered the ground. There was a slight damage to wheat in the central area, but generally the wheat in the eastern two-thirds of the state has withstood drought so far without material damage. Moisture is needed throughout the state.

Primary receipts of wheat today totaled 640,000 bu vs 697,000 bu last week, and 319,000 bu last year. So far this week Kansas City and Minneapolis stocks show a net increase of 81,000 bu.

Flour business was extremely light overnight. It is reported that a tender for first half January of $10,500,000 for U S wheat is expected, according to private cables from Germany. Yesterday the CCC withdrew offerings of #2 red wheat to the Atlantic Seaboard. This coupled with much colder weather predicted through the wheat belt led to early firmness in that grain, and both March and May futures touched new high ground, but later wheat futures broke rather sharply. Bookings of Indiana corn overnight were fairly liberal, and it is reported that about a million bu of corn was booked between yesterday and today to come by barge to Chicago. This caused some hesitancy in that cereal and a cautious attitude, awaiting to see whether the country will continue to offer corn freely for shipment after January 1st. UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 30, 1954

Secretary Benson in a recent address spoke most optimistically about the future of agriculture in this country. He pointed out that we have been going through a period of readjustment in the process of converting from war to a peacetime economy, and that while prices of some farm commodities have slumped from the Korean War peaks reached in 1951, others such as soybeans have averaged well above parity of the past year. Americans are spending for goods and services at the unprecedented rate of $234 billion a year, which means the greatest domestic demand for farm commodities in all our history. The continuation of a prosperous total economy will assure a climate in which farmers can convert to peace-time operations with a minimum of hardship; in fact, probably never before in our history have we ever made the transition from war to peace with less price dislocation. The Secretary believes that the major farm price adjustments are behind us, and points out the three steps taken which should work toward a more stable, prosperous, and free agriculture: First, a reorganization of the Department of Agriculture, streamlining its operations for greater efficiency, decentralization of service bringing the administration of the various programs closer to the farm people. There has been a strengthening of research, education, marketing, price stabilization, and production adjustment and a greater responsibility on part of the states in some areas where the Federal Government had sssumed a dominant role in recent years. Second, the Agricultural Act of 1954 contains several notable improvements, particularly a system of flexible price supports. Third, the broad authority given by the 83rd Congress to move surplus commodities into channels of consumption both at home and abroad.

With nuclear research, it may be possible to increase yields and at the same time speed up the growth of plant life in such a way that more than one crop may be harvested each season. It is also hoped that from research, steers may be finished in much less time than is now required, and that more effective use of fertilizers through the atom is probably than we know today.

Several areas of the winter wheat belt territory were favored with heavy snows yesterday, although the sections covered were rather limited in scope. However, the extremely cold temperatures which had been predicted earlier failed to materialize. According to Broomhall, weather in Europe recently has been more favorable for crops on the Continent, but moisture supplies remain inadequate in southwestern areas, although most sections of the Continent have sufficient moisture for the time being. Mild and clear weather in the U. K. is favoring late seeding of wheat and other grains following a prolonged spell of very unfavorable conditions. In France, wheat seeding has been completed and most reports tend to verify an increase in acreage compared with last year; moisture supplies are good and the young wheat plants have a very satisfactory appearance. In Western Germany, wheat acreage is falling short of earlier expectations due to recurring periods of wet weather, and there have been some complaints of the unsatisfactory appearance of wheat plants, particularly in the later planted districts. Spain and Portugal have had insufficient rainfall. Very few complaints have been received from Italy regarding winter grain conditions. The same source reports that wheat harvest in the Argentine is under way in southern sections, but there have been no new estimates of the outturn, although private ideas have been somewhat below earlier very optimistic forecasts. Well distributed rains during the past week were favorable for young corn plants but additional moisture will be needed shortly as previous precipitation had been very light.

Primary receipts of wheat today totaled 1,528,000 bu vs 949,000 bu a week ago and 442,000 bu on comparable day of last year. Kansas City and Minneapolis stocks so far this week show a net increase of 28,000 bu.

Flour business is just about at a standstill, and we have heard of no export wheat sales overnight. The market today was paced by the strength in wheat, although in the early part of the session corn was under pressure apparently fromliquidation. However, when locals tried to cover they found an over-sold condition. Corn bookings by barge and rail were very light overnight. Markets have been more or less nervous, and do not see much for the remaining session of this year.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

December 31, 1954

The year 1954 is drawing to a close. There are 3 million more Americans to be fed than when we wrote our final market letter a year ago. Even during the twenty minutes it takes to dictate this letter, 150 new babies will be born. We mention this so specifically because it seems to us that the growth in our population will gradually take care of the surplus problem with which we have been coping for so long a period. The Department of Commerce has a large clock in Washington which shows that somewhere in this land a baby is born every 8 seconds. Every 21 seconds someone dies, every 2 minutes an immigrant moves in, and every 17 minutes one person leaves the country. The net gain is one person every 12 seconds. This record is kept continuously in operation and has proved to be pretty accurate in comparison with actual results.

What this means to agriculture is that our population is increasing at the rate of 7,200 persons per day and we must continue to furnish a larger output of food. Every person eats about 1,600 pounds per year, the better part of a ton. In order to take care of this increase in our population it means that every 12 seconds of the day we must step up production as follows: 68 pounds of beef and veal, 72 pounds of pork, 4 pounds of lamb and mutton, and 186 quarts of milk and cream. We must also add to this list 8 pounds of cheese, 17 pounds of condensed and evaporated milk, and 16 pounds of ice cream. If this were to be multiplied 163-million-fold, it would give us the total consumptive requirements of these specified products. If by 1975 our population continues to increase at the present pace, we shall have to almost double the farm production of pre-war days. We are not the only ones whose population is going forward at such a heavy rate. Since pre-war days the world population has increased by 15%, and during the same period world food production has increased only 10%. Should such figures be projected into the future at the same ratio, one could readily conclude that there will be hundreds of millions of people on the earth living in a state of partial or actual hunger. In fact, many might actually be starving. The food problem at present is actually one of distribution. We have helped to meet the problem in our own country through technological developments. We are also using better seed and better fertilizers. The American farmer has five times as much invested in farm machinery as he had in 1940. The farm output per man-hour last year was 78% higher than in 1935-39. Production per acre was up 31%, and production per animal was up 24%.

The application of research to farming has substantially increased agricultural output and lowered costs. It is estimated that fertilizers alone have increased crop yields by 20%. Without the use of chemical pesticides it would be impossible to raise some of the crops on a commercial basis. We have made some progress already, but only one-quarter of our acreage is treated with fertilizers and one-eighth with pesticides. Since 1930, more than 400 new foodproducts have been developed for the consumers' market. Today we stand at the threshold of atomic power with its limitless possibilities. While most of the efforts have thus far been for defense purposes, there is a growing realization of the essential need for atomic energy to provide power for our dynamic and expanding economy, and for reducing the depletion of our natural resources.

As we are about to enter the New Year, this country can look forward to 1955 with great optimism, and certainly can be thankful that we have peace, even if it is an ''uneasy'' peace.

We want to extend to all of our friends Best Wishes for a Happy, Prosperous, and Healthy New Year.

UHLMANN GRAIN CO.